

AD-A259 101



1

GERMAN WOMEN IN THE FIVE NEW LÄNDER:
EMPLOYMENT AND ENTREPRENEURSHIP

DTIC
ELECTE
DEC 3 0 1992
S A D

Maella Blalock Lohman

Submitted to the faculty of the Graduate School
in partial fulfillment of the requirements
of the degree
Master of Arts
in the Department of West European Studies
Indiana University

December 1992

This document has been approved
for public release and sale, its
distribution is unlimited.

418 739
92-32624



12508

92 12 22 189

Accepted by the Graduate Faculty, Indiana University
in partial fulfillment of the requirements of the Master of
Arts degree.

Alfred Diamant
Alfred Diamant, Ph.D.
Chairperson

Jean C. Robinson
Jean C. Robinson

James M. Diehl
James M. Diehl

Accession For		
NTIS	CRA&I	<input checked="" type="checkbox"/>
DTIC	TAB	<input type="checkbox"/>
Unannounced		<input type="checkbox"/>
Justification		
By		
Distribution		
Availability Codes		
Dist	Availability or Special	
A-1		

DEDICATION

To Mary Elizabeth Smith-Slusser-Blalock, a woman who taught me the principles of hard work in maintaining a family and a career, a woman whose silent strength goes beyond measure. With love to my mother.

ACKNOWLEDGEMENT

I would like to acknowledge first and foremost, Professor Alfred Diamant, whose encouragement and patient understanding provided me with needed strength to undertake and complete this project.

I also wish to acknowledge the assistance of the Western European Department, especially Mary Kay Welsh, in preparing me, the student, for this undertaking, and for helping prepare the final work.

My husband, Kevin, and children, Amy and Carol deserve a very special note of thanks for their ability to tiptoe, eat fast food without grumbling, and provide prayerful support to their wife and mother.

TABLE OF CONTENTS

CHAPTER 1:	Introduction.....	1
	Women Entrepreneurs.....	4
	Entrepreneurship Defined.....	8
CHAPTER 2:	Employment in the GDR.....	13
	Employment of Women.....	14
	Social Benefits and Family Life.....	19
	Entrepreneurship in the GDR.....	25
CHAPTER 3:	Present Conditions.....	31
	Unemployment and Welfare.....	33
	Social Disparities.....	43
	Privatization and Small Business.....	47
CHAPTER 4:	Problems for the Future.....	59
	Market Development and Entrepreneurship.....	62
	Special Needs of Women Entrepreneurs.....	67
	Governmental Intervention.....	71
	The European Community.....	77
CHAPTER 5:	Conclusion.....	82
	Enclosures.....	92
	Bibliography.....	108

List of Enclosures

Tables:

1. Women's Labor Force Participation Rates
2. Percentage of Women Among the Jobless in Eastern Germany
3. Total Employed Workers
4. Growth of Labor
5. Annual Wages and Household Income in the GDR
6. Wage Differentials for Workers in OECD Countries
7. Trend in University Study
8. Division of Skilled Labor
9. Percentage of Women in the Labor Force by Sector
10. Part-time Employment
11. Marital Status of Single Mothers with Young Children
12. Publicly Funded Childcare Services
13. Use of Time by White- and Blue-collar Workers
14. Free Time in Evenings and on Weekends
15. Time Spent on Household Chores in 1985
16. Time Spent on Household Chores in Families with Full-time Employed Mothers
17. Tax Contributions of the Private and Semi-Private Economy
18. Change in Structure of East German Industry, 1971-1987
19. Composition of Non-Agricultural Self-Employment
20. Percentage of Women in Self-Employment by Activity
21. Problems Experienced by Women Setting Up a Business
22. Female Managers' Interview Sample: The Training We Need

CHAPTER 1: INTRODUCTION

The collapse of the Berlin Wall in 1989 was the visual sign to the world illustrating the internal collapse of the economic, political, and social systems of the German Democratic Republic. Creating a new economic base from the ruins of the collapsed GDR system is proving to be an extremely hard task for the governments of Germany and the European Community, as well as the German citizens. Particularly hard hit by the economic reforms are the women of the east. The changes in economic structure have coincided with social change which have brought unemployment and loss of social benefits for GDR women. An interview in June 1991 of Gabriele Bosley of Bellarmine College with a writer in Berlin describes the situation:

"Die Leute haben sich erst einmal furchtbar gefreut, über soviel Geld zu verfügen, sich endlich auch einmal ein westliches Auto zu kaufen, eine Reise zu machen, sich einen Kühlschrank zu kaufen, einen Fernsehapparat etc., bis sie merkten, dass sie damit natürlich ihren Arbeitsplatz verloren haben. Im Moment stehen sie ungefähr bei 50% Arbeitslosen, viele Frauen, und ehe es wieder so langsam aufwärts geht, wird Zeit vergehen."¹

The social and economic systems of the extinct GDR encouraged women to participate in the workforce. The emphasis was on compatibility of job participation and family work. The social network provided the support needed by women in order to work outside the home. Prior to unification, eighty to ninety percent of GDR women were part of the labor force, one of the highest percentages among western European countries. (Table 1) The difficulties in simply overlaying the West German economic

¹"Interview mit Erich Loest," *GDR Bulletin*, Fall 1991, p. 17.

structure on top of the failed eastern economy accentuates the diversities between eastern and western German women. In the west, the emphasis was on protecting family and marriage, giving favorable treatment to non-working, married mothers and married couples as opposed to unmarried couples living together. In the GDR, the emphasis on women working outside the home led to numerous benefits in paid leave for illness of a child, shorter working hours for mothers without reduction in pay, additional paid leave and maternity leave, and nearly full satisfaction of child-care requirements.²

Women in the former GDR were quick to perceive the unfavorable changes in their life-style. In the autumn 1989 demonstrations, East German women were less enthusiastic about the idea of unification than men. Surveys conducted in early March 1990 showed eighty percent of the women in favor of unity, compared to eighty-eight percent of men. But by the end of April, the proportions had shifted to eighty percent of the females in favor, versus ninety-two percent of men. Of this group, the portion "strongly in favor" equalled forty-one percent of women and fifty-eight percent of men. Only eight percent of the men surveyed opposed unity, while twenty percent of women opposed the plan. Concerning the time-frame for meshing the two systems, forty-three percent of the men and thirty-eight percent of women wanted quick unification by the

²Ute Gerhard, "German Women and the Social Costs of Unification," *German Politics and Society*, (Harvard: Winter 1991-1992), p. 19.

end of 1990, while delaying the process until after 1992 appealed to twenty-one percent of women, but only to twelve percent of men.³

The complications from unemployment for women in the GDR have both economic and social effects. In the GDR ninety percent of women have at least one child, in contrast to sixty-five percent of FRG women bearing children through the 1980's. The east not only has a higher divorce rate than the west, but one-third of all births were to single mothers in the GDR.⁴ The financial crisis caused by unemployment for these women when the social network has also dissolved is difficult to imagine. The social and psychological effects on women may last longer and be more critical than the financial devastation. In the old GDR, women had an essential role to play in forming a way of life and participating in society. Their role was respected by men and valued by society. In the workplace and in everyday life, women gained respect and were able to accomplish a great deal. The overall effect was the creation of an independent, self-confident, determined woman. This is not to say that her life was easy or happily fulfilling. She assumed, however, that she would have a lifelong professional career, which would provide her some degree of financial independence. Work provided her an arena of mobility and choice in the social

³Joyce Marie Mushaben, "Paying the Price of German Unification: Maenner Planen, Frauen Baden Aus," *GDR Bulletin*, (Washington University, St. Louis, MO, Fall, 1991), p. 4.

⁴Mushaben, p. 4. In 1989, the rate of dissolutions of marriages was 38% in the east versus less than 28% in the west.

structure.⁵ Distrust of the new economic and political system are the obvious result of unemployment currently exceeding 63.6%. (Table 2) Since unification, the proportion of employed women has sunk to one-third of the total employed in the GDR.⁶ A study made for the Schering company by the Institut für Demoskopie (IfD) in July 1992 documented the feelings of hopelessness:

The overwhelming majority (of eastern German women) (81 per cent) maintain that the situation of women in eastern Germany has deteriorated since unification.⁷

WOMEN ENTREPRENEURS

Women in many countries have adapted their work patterns to fit their changing roles in society. Historically women have served as a buffer for employment, filling critical roles when males were otherwise occupied, and being the first released in times of social or economic transition. Many women have turned to entrepreneurial endeavors as an answer to numerous job related problems. By starting their own businesses, some women have carved out a niche in the business world, and have balanced family and work responsibilities. Since women now account for a growing share of the labor force in all countries of the Organization for Economic Cooperation and Development (OECD), it is not surprising that the women's share of total

⁵Ina Merkel, "Another Kind of Woman," *German Politics and Society*, (Harvard: Winter 1991-1992), p. 3.

⁶"Women's Unemployment Rises in Ex-GDR," *The Week in Germany*, 31 July 1992.

⁷Dieter Dietrich, "Women, Work and Aspirations: Changing Attitudes and Expectations in Both East and West," *The German Tribune*, 24 July 1992, p. 13.

self-employment has risen.⁸ In studying the role of women entrepreneurs, Peterson and Weiermair found:

Women entrepreneurship, while still in its infancy in many parts of the developing world, is expected to gain momentum once the pace of economic development quickens and service sector growth and industrial restructuring become more widespread. Thus the changed working lifecycle of women in general, and their increased entrepreneurial activities in particular, could be portrayed as a quasi-automatic by-product of the economic growth and development process, a process in which, over time, changing role models would fully legitimize women entrepreneurship.⁹

Their study focused on five propositions:

1. Women entrepreneurs are playing a large and increasing role in the restructuring of economies.
2. Women entrepreneurs constitute a new emerging force in economic development and growth.
3. Women entrepreneurs are contributing to the raising of economic productivity.
4. Women entrepreneurs are increasing general social welfare by achieving greater personal potential and by reducing both unemployment and underemployment.

⁸*Enterprising Women*, (OECD, Paris: 1990), p. 33. In 1969 the unweighted average proportion of women among the self-employed was 24.1 percent. By 1986, it was 28.4 percent (OECD, 1988, p. 150).

⁹Rein Peterson and Klaus Weiermair, "Women Entrepreneurs, Economic Development and Change," *Entrepreneurship and Economic Development*, (New York: United Nations, 1988), p. 108.

5. Socio-economic changes brought about by women entrepreneurs will contribute to long-run political stability.¹⁰

Several studies have focused on the role of entrepreneurship in the process of economic growth and development. Entrepreneurship has been connected to economic adjustment, restructuring, and the seizing of market opportunities and the advancement of productivity growth (Kent, 1984; Ronen, 1982; Kilby, 1971). It has also been found to support individual and social welfare maximization (Scott, 1986; Skinner, 1987), and mentioned in terms of its effect on political stability (Epstein and Coser, 1981). For nations based on a free-market system the entrepreneurial sector of the economy is considered vital to sustained growth and prevention of stagnation.

Economic growth and prosperity are essentially dependent on the creation of new economic activities to replace declining economic activities such as the coal, steel and other industries of Europe. New economic activities are also needed to absorb the manpower released...by large firms as these concentrate and rationalize. New economic activities come into existence essentially through the foundation of new firms by entrepreneurs...Entrepreneurial vitality is the key characteristic of a region which generates its prosperity from within itself. It is the entrepreneurs who possess and utilize the five great forces: markets, jobs, technology, transplants, and capital.¹¹

The theoretical argument of this study is based on two areas of economic interest: the ability of entrepreneurial activities to assist with the transition of the economy of East Germany, and the role of East German women in those entrepreneurial efforts. The problem of how socialist economies should transition has

¹⁰Peterson and Weiermair, p. 97.

¹¹G.P. Sweeney, *Innovation, Entrepreneurs and Regional Development*, (New York: St. Martins Press, 1987), p. 5.

been widely recognized, yet the study of the changing role of women in East Germany is only now receiving attention, and as yet has resulted in little prescriptive efforts on the part of legislatures or society. The theories developed here can contribute to the economic development of Eastern European countries on a wide scale and could lead to the adoption of progressive policies beneficial to economic transformation. The greater role women played in the workforce of socialist economies, and the soaring rate of unemployment for women currently in East Germany lends itself to prescriptive methods. The question of women entrepreneurs in Germany is based on three theoretical hypotheses:

- * Entrepreneurial activities will benefit the transitioning economies of the five new Länder and play a key role in development of a free-market economy.
- * Women have a major role in society in the labor force and women entrepreneurs are playing an increasing role in developing an economic sector critical to economic growth and development.
- * Entrepreneurial activities by women in East Germany can serve as one tool in improving the negative conditions brought about by the radical socio-economic changes, and can contribute to longer-term personal financial stability, and social status.

These hypotheses are based on the assumption that no major political disruption will occur in Germany and that the pattern of transition will be similar, albeit accelerated, to that of western free-market development. It also assumes that the unity

of Germany will continue with the eastern portion assimilating western laws, traditions, and values.

ENTREPRENEURSHIP DEFINED

The term "entrepreneur" comes from the French language, and literally translates as "between-taker" or "go-between." The use of the term has changed drastically over the course of history. During the Middle Ages, entrepreneurs managed large production projects, such as construction of great architectural works. The implied meaning was a person who managed resources, but incurred no risks of their own. Later, entrepreneurs entered contractual relations with other parties which incurred limited risk. The term adapted to describe a capital relationship: entrepreneurs needed capital and managers or other parties provided capital. By the 19th century the concept of adapting products or introducing new technology overtook the capitalistic concept. A good example is Andrew Carnegie, who invented nothing, but brought many new products to market. Finally, in the 20th century the entrepreneur came to be seen as an innovator.¹² Joseph Schumpeter said:

The function of entrepreneurs is to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, opening a new source of supply of materials or a new outlet for products by reorganizing a new industry.¹³

¹²Robert D. Hisrich and Candida G. Brush, *The Women Entrepreneur*, (Lexington, MA: D.C. Heath and Company, 1986), pp. 2-3.

¹³Joseph Schumpeter, *Can Capitalism Survive?* (New York: Harper and Row, 1952), p. 72.

Karl Vesper describes a modern entrepreneur in purely economic terms:

To an economist, an entrepreneur is one who brings resources, labor, materials, and other combinations that make their value greater than before, and also one who introduces changes, innovations, and a new order. To a psychologist, such a person is typically driven by certain forces--need to obtain or attain something, to experiment, to accomplish, or perhaps to escape authority of others...To one businessman, an entrepreneur appears as a threat, an aggressive competitor, whereas to another businessman the same entrepreneur may be an ally, a source of supply, a customer, or someone good to invest in....The same person is seen by a capitalist philosopher as one who creates wealth for others as well, who finds better ways to utilize resources, and reduce waste, and who produces jobs others are glad to get.¹⁴

Tropman and Morningstar simplified the definition of entrepreneur into a thinker-doer. The entrepreneur sees an opportunity for a new approach, solution to a historical economic problem, or a new product or service. But the key is that the entrepreneur does something about his idea.¹⁵ Tropman and Morningstar describe four concepts regarding entrepreneurship, two of which I would describe as personal and two which are environmental. The first two concepts of **characteristics** and **competencies** refer to the psychological attributes and skills one must possess to be an entrepreneur, while the last two concepts, **conditions** and **context**, describe the greater socio-economic picture which creates and defines entrepreneurs. **Conditions** refers to the peculiarities of the organization or service, and the strategy of the organization. **Context** refers to the national or market developments which affect entrepreneurial

¹⁴Karl Vesper, *New Venture Strategies* (Englewood Cliffs, NJ: Prentice-Hall, Inc., 1980), p. 2.

¹⁵John E. Tropman and Gersh Morningstar, *Entrepreneurial Systems for the 1990s*, (New York: Quorum Books, 1989), p. 5.

endeavors. Although entrepreneurs have little control over the context, it appears to be the major factor in providing the niche in the environment which allows the entrepreneur to go beyond the think and do.

In defining entrepreneur, it is important to state what is not included in the definition, especially because the term is often misused or combined with other forms of business in analysis. Entrepreneurship, in a strict sense, is not simply a small business. For a small business to be entrepreneurial, it should be characterized by a new product, service, or there should be something inventive or innovative about the business or venture. For East Germany, this exclusion could become rather murky. Many efforts could be conceived as entrepreneurial in their attempt to replace a failed business or to replace a service which existed under the old economic structure, but requires new organization under a free-market system. Efforts to create a neighborhood daycare operation to replace a dissolved state-run operation at the local factory could be considered entrepreneurial under the concepts of context and conditions.

Entrepreneurship is sometimes equated with growth, but if the expansion does not take on an innovative twist the effort may not be entrepreneurial. Taking over the family business, or expanding the size by buying another business could even be destructive. Risk does not equate to entrepreneurship. Although risk is a component of new ideas, services, and products, it is not an indicator of entrepreneurship. Many established businesses have high risk factors with their regular structure, and some entrepreneurs have relatively low risk involved in their production. It is the new approach, not the risk, which characterizes an entrepreneur.

The problem now becomes one of linking the analysis of the transitioning German economy to the definition of entrepreneurship. As easy as the task may sound, the unique nature of the current economy in the GDR creates difficulties in defining what is actually "new". As discussed earlier, a business established to fill a void left by the dissolved state structure could be considered entrepreneurial. The problem in studying Germany becomes further exacerbated when analyzing the regulatory agencies. The structure for regulation in Germany and the European Community is based on the nature of the business, and its size as determined by number of employees. Businesses are not categorized according to the length of time the firm has existed, or the innovative nature of the business.

There appears to be some attempt to view the GDR situation uniquely, according to information from the Federal Office of Foreign Trade Information in Cologne. For example, special development funds have been earmarked for loans focusing in four areas: establishment of businesses, environmental protection, tourism, and modernization. These ERP loans are available to private persons, as well as small and medium sized businesses. They provide advantages in fixed interest rates, long maturity on certain types of investments, early grace periods for repayment, and no penalty for early repayment.¹⁶ This focus on individuals attempting to establish independent businesses indicates a trend in applying a broader approach in the definition of entrepreneurs in the five new Länder.

¹⁶Federal Office of Foreign Trade Information, *Doing Business in the Five New Länder*, (Cologne: 1991), p. 114.

Although there is a modern tendency to narrowly define the entrepreneur in terms of his innovative gift to the economic world, there is some historical basis for including the economic builders and small businessmen. In Germany, the term entrepreneur may have different meanings from east to west based on the context of the current market and political changes. Simply being a small businessman or operating a family business in East Germany does not make one an entrepreneur even under the political changes since unification, but forming a new business under the structure of private ownership could be defined as an entrepreneurial endeavor. The ruins of the eastern economy, coupled with the current unemployment of women, provide an unprecedented opportunity for development of these new businesses by entrepreneurial women.

CHAPTER 2: EMPLOYMENT IN THE GDR

In a time of growing economic possibilities, women were recruited for the workplace, the transition made easier by provision of various conveniences such as special time off and day care, reinforced by moral and ideological pressures. The massive implementation of women in production was an economic necessity, not the result of women's demands for liberation. Nevertheless, there were emancipatory effects.¹

Following the Second World War, the economic and social development of women in East and West Germany took different paths. The former FRG initially looked outward to solve its problems. Programs, such as the Marshall Plan, administered by the newly formed Organization for European Economic Cooperation (OEEC), forerunner of the European Community (EC), gave an economic edge to western Europe. Solutions to manpower shortages in West Germany were solved through the use of foreign labor.² The majority of West German women, working during the war to support the effort, returned to their homes and fought for women's rights on a gender basis. The GDR looked inward to solve its labor problems. With little possibility for assistance from the Soviet Union and other east European countries, the GDR encouraged women's labor in post-war reconstruction of its economy. Under socialist ideology, women belonged in the workplace. The socialist ideal of erasing social differences between the sexes proved to be shortsighted, as with many socialist concepts. Nonetheless, it gave idealistic stamina to the GDR in

¹Ina Merkel, "Another Kind of Woman," *German Politics and Society*, (Harvard: Winter 1991-1992), p. 4.

²Nancy J. Adler and Dafna N. Izrael, *Women in Management Worldwide*, (Armonk, NY: M.E. Sharpe, Inc., 1988), p. 10.

an era of heightened ideological conflict during the Cold War. The GDR assumed that the economic independence of women and their formal, legal equality were sufficient to eventually achieve emancipation for women. Women not only had the right, but also the duty to hold a job.³ This ideological work ethic is still strongly in evidence today, with 81.7 percent of women saying that self-determination through employment was and is very important. With women having provided forty-one percent of the family income in the GDR, as opposed to eighteen percent in the FRG, it is easy to understand the importance that society and women, themselves, have placed on labor.⁴ (Tables 3 & 4)

EMPLOYMENT OF WOMEN

There were important changes in the qualitative nature of women's work during this era. Women moved from unqualified, discontinuous labor, to qualified, continuous professional work, but discrimination continued to exist. The higher the social status of an occupation, the less women were represented. The "glass ceiling" in both the east and west kept women below the fifteen percent barrier of professional female academics and senior economic managers.⁵ By 1989, thirty-five

³Hildegard Maria Nickel, "Women in the German Democratic Republic and in the New Federal States: Looking Backwards and Forwards," *German Politics and Society* (Harvard: Winter 1991-1992), p. 35.

⁴"Die Ostdeutsche Frau Nach Der Wende: Ein Interview mit Daniela Dahn," *GDR Bulletin*, (Washington University, St. Louis, MO, Fall 1991), pp. 2-3.

⁵Joyce Marie Mushaben, "Paying the Price of German Unification: Männer Planen, Frauen Baden Aus," *GDR Bulletin*, (Washington University, St. Louis, MO, Fall 1991), p. 5.

percent of East German women were reportedly holding management positions, but the majority of these were in lower and middle management, not in central administration. Although unequal pay existed on both sides of the wall, women in the GDR generally were better qualified in comparable positions than those in the former FRG. While women in the GDR earned eighty-three percent of men's wages, women in the former FRG placed near the bottom of the list internationally, earning sixty to seventy percent of men's wages.⁶ (Tables 5 and 6)

As elsewhere, women in East Germany were typically employed in lower wage brackets than men, but the full extent of wage discrimination was camouflaged by occupational segregation by sex...Women constituted a disproportionately high percentage of the labor market in social services. They were especially underrepresented in construction and transportation, and unlike in the FRG, also in agriculture and forestry. In both parts of Germany women held few positions of leadership in political life, business, and academia.⁷

The most rapid, quantitative gains made by women occurred within the educational sector, as the GDR proved to be the more progressive of the two systems. Women in the GDR rapidly gained access to higher education. Enrollment for females in East German universities surpassed West Germany in 1970. In 1980 enrollment in the GDR was just short of fifty percent, whereas by 1988 West Germany "had yet to attain a level above forty-one percent, despite the fact that

⁶Ute Gerhard, "German Women and the Social Costs of Unification," *German Politics and Society*, (Harvard: Winter 1991-1992), p. 17.

⁷Ute Gerhard, p. 17.

females accounted for more than half of the "ArbiturientInnen" constitutionally entitled to academic study."⁸ (Table 7)

In the late 1980s, of the ninety-one percent of employed, working-age women in the GDR, eighty-seven percent had completed some kind of occupational training. A combination of home and school experiences gave young girls a fairly realistic idea of future employment. Fifteen- to sixteen-year-old girls participated in a compulsory subject at school, "Productive Labor", which included industrial practice. They also experienced their first work through vacation jobs. This carefully balanced vocational training system, planned by the state, gave young women an idea of what choices were open to them and what limits they would encounter. Girls were as productive and received equally as good marks as boys during their school training, as documented by educational psychologists. Girls also took vacation jobs equally as often as boys. The type of work chosen differed, however. Boys generally favored industry, while girls chose education or retail trade establishments. Graduates in the GDR completed ten years of compulsory education, then could choose to train for 289 skilled jobs, only 30 of which were legally closed to women. Their choice of careers after vocational training clearly demonstrated the development of separate sectors of the economy for gender employment. From the late 1960s onwards, the pattern of career choice remained unchanged. Over sixty percent of girls leaving school in 1987 opted for the same sixteen skilled jobs as their predecessors had done in 1968. (Table 8) This still compared favorably to the FRG, where fifty-five

⁸Mushaben, p. 5.

percent of all girls enrolled in vocational training were concentrated in ten occupations. Tables eight and nine illustrate the high concentration of women in service fields.

In approximately twenty-three skilled jobs, such as precision mechanic and automated plant operator, fifty percent of the average intake was female. In about forty-eight jobs, girls comprised only five percent or less of apprentices. Those jobs included plumber, fitter, and control panel operative. This pattern indicates, not only a social bias, but the objectives of the planners for the East German economy. Central planning and allocation of training forces predicted that women would remain in certain sectors of the labor force. From 1975 onward there was a decline in jobs for girls at the core of technical organizations, while the proportion of women on the periphery and in high-tech sectors increased.⁹ (Table 9)

The status of working women prior to unity was outlined in a preliminary investigation commissioned under Eva Kunz, then Metropolitan Officer for Women's Affairs (Frauenbeauftragte) in East Berlin. According to the report drafted by Schenk, 79% of the Eastern women between the ages of 15-65 held permanent jobs, compared to 66% in Berlin-West;..Some 57% found work in the service industries and social policy sectors, added to 20% active in light industry, the chemical, electronic and foodprocessing industries.¹⁰

The problem of occupational segregation of women into a few, low-paying job sectors is common throughout developing nations.¹¹ Another common problem is

⁹Nickel, p. 37.

¹⁰Mushaben, p. 6.

¹¹Occupational segregation is also common in what are normally classified as developed nations. The term "developing nations" does not refer to Third World countries, but rather nations undergoing economic change and growth, including Eastern European nations.

the high number of women in part-time employment. Part-time employment is popular because of the flexibility it provides women in fulfilling other roles, such as maintaining a home and raising children. In the GDR, however, the number of part-time employed women was considerably less than in West Germany. (Table 10) In the GDR, nineteen percent of women worked part-time versus forty-one percent of part-time working women in the FRG.¹² The West German labor market does not offer flexibility in comparison with other European nations. In the GDR, less than fifteen percent of all positions are part-time, half the amount of positions in the Netherlands. West Germany also compares unfavorably with the rest of Europe in the percentage difference between men and women holding part-time jobs. (Table 10) In the GDR, permission had to be granted for part-time work and it was only granted on certain grounds. In many job sectors, part-time work was simply considered impossible. Because of the policies of the state and social benefits provided to full-time workers, women in the GDR found less complications and less risk from full-time employment.

Problems with employment are compounded for the comparatively high number of East German women who are heads of households in the five new Länder. They require higher incomes for family maintenance because of the lack of a second wage earner. If the Western pattern of economic development is overlayed on the East, the high number of part-time female workers in Western Germany will force women into a welfare status, because part-time labor cannot provide an

¹²Mushaben, p. 6.

acceptable level of income for women heads of households. In countries belonging to the Organization for Economic Cooperation and Development (OECD), one-fifth of all women are household heads. The rate is more than double that for Black women in the US. In the GDR in 1981, the percent of single-parent families was eighteen percent, or approximately one-fifth, but ninety-six percent of single-parent mothers were raising children, as compared to only four percent of sole-parent fathers with children.¹³ With the number of divorces doubling between 1960 and 1985 and peaking in 1986 at over thirty-eight percent, the position of women in the GDR more closely approximates that of Black women in the United States.

(Table 11)

Employment for women in the GDR consisted of full-time, skilled and unskilled labor, carefully planned and supported centrally by the state.

Seeking to compensate for a scarcity of skilled labor, the state had to convince women, first, to enter the industrial labor force and, second, to have (more) children. Last but certainly not least, it had to motivate its skilled female workers to return to the paid labor market post-haste if not immediately post-partem.¹⁴

SOCIAL BENEFITS AND FAMILY LIFE

Careers for women in the GDR were possible through the carefully planned structure of social benefits, designed to allow women the opportunity to work outside the home. The social structure differed greatly from West Germany, where the

¹³Gunnar Winkler, *Sozialreport '90*, Berlin: Verlag Die Wirtschaft, 1990, p. 264.

¹⁴Mushaben, p. 5.

emphasis was on a woman's freedom of choice. The constitutions of both German states guaranteed the equality of men and women. Two articles in the FRG and nine separate Articles in the GDR granted special protection to marriages and families.

The West German Basic Law relegated family life to the private realm, although politicians legislated the principle of the "housewife-marriage" in 1957, upheld until the courts proclaimed the division of household labor a matter of self-determination in 1977. The GDR stressed the "societal" dimension of family life, explicitly defining the rights and duties of both marital partners as well as those of their children.¹⁵

Article 38/4 of the GDR constitution exemplified this determination, as it required both parents to raise their children in equal measure to be healthy, happy, virtuous, and broadly well-educated human beings, and state-conscious citizens. In actuality, this task, along with the majority of household maintenance chores, fell to the women.

Most industrialized countries now have family policies that address, to some extent, the need working women have for child care, child allowances, parental leave, re-employment rights, and legal rights within the family framework. In many of these areas the GDR was ahead of its western neighbors. The average paid maternity leave in OECD countries was twelve to eighteen weeks. The GDR provided maternity leave of six weeks before and twenty weeks after delivery, and guaranteed women return to their former jobs, or one equivalent in status, for up to three years after delivery. In West Germany as of 1981, women could only reenter the job

¹⁵Mushaben, p. 5.

market or enter retraining courses if they could certify that "domestic duties" would not restrict their working-time to twenty hours per week.¹⁶

Most countries meet the need for child care through a mixture of official and unofficial means. In no countries of the OECD is child care considered to be "readily available" to women. Even advanced Sweden, where women are provided nearly a year of maternity leave, fewer than one-third of eligible children are in day care centers or municipally supported family day homes.¹⁷ (Table 12) In the former GDR, eighty-four percent of the children under age three and ninety percent of children ages three through five were enrolled in state-supported child care facilities.¹⁸ Many of these facilities were open twenty-four hours a day to accommodate shift-workers. Child care facilities were often run in conjunction with major factories, providing ease in access and availability. The polarization of ideology between East and West Germany is perhaps most obvious here, where the FRG has no government-supported child care. Child care facilities of any type in West Germany are available for only five percent of children under three, up to seventy percent for children ages four to five, and with regional variances, up to eighty-five percent for five-to six-year-olds.¹⁹ Day care is generally only for half days at hours that make full-time employment for FRG women virtually impossible.

¹⁶Merkel, p. 5.

¹⁷*Enterprising Women*, (Paris: OECD, 1990), p. 31.

¹⁸Mushaben, p. 5.

¹⁹Gerhard, p. 19.

(Table 12) The "availability" of child care in the FRG produces another hazardous side-affect. The right to unemployment compensation is based on the condition of availability to work (Section 103 of the Works Promotion Act). Since West German women with preschool age children face a practically impossible task in finding adequate child care, many are considered as "not available" for full-time, paid employment, and therefore ineligible for unemployment compensation.

Despite the growing number of divorces and one-parent families, the ideal of the father-mother-child family was strongly endorsed in the GDR. Lower wages in the GDR forced the two wage-earning family to seek improvement of their standard of living. (Table 5) Yet, despite the demand for women to work outside the home, the work within the home was predominantly performed by the woman. Despite the growth of household technology, designed to decrease the amount of time spent in household labor, the time invested in housework remained more or less constant over the last twenty-five years. Tables thirteen through sixteen illustrate the relative lack of change in household work for women in Eastern Germany, and the predominance of women's labor in maintaining the home. Although both Eastern and Western German women performed the majority of household labor, Eastern women did so after a full-time job, with less improvement in household technology, and with no improvement in the division of labor. The average work week in the GDR was 42-3/4 hours, followed by the women's "second shift".

At the same time conditions of productivity worsened in the eighties. You had to wait for everything, run around after trivial things; every repair became a catastrophe. The shortages in health care, in provisions, in the service sector, were all compensated for by women

working harder. To this day no picture exists that adequately shows the extent to which women lacked time--leisure time, time for taking care of themselves--a picture that would illustrate how ideas of emancipation were subverted. For women, the move toward economic independence did not represent a way to free themselves from being subjugated under a double burden.²⁰

In 1965, men performed 11.6 percent of the housework compared to 79.4 percent performed by women. By 1970, men performed 13.0 percent to women's 78.7 percent. In five years, with a change of one percentage point, sociologists joke that it will take a century for equality to develop.²¹

According to public opinion polls, women feel that men help with household chores to a greater extent in eastern, than in Western Germany, but are still unhappy about the division of labor. Federal Women's Affairs Minister, Dr. Angela Merkel, noted that women in the east are more in line with other Western European countries than their Western German sisters in regard to their attitude about work and children. In the FRG, fifty-seven percent of women felt it would be bad for a child if a mother goes out to work, but only forty-four percent of GDR women gave a comparable response. East German women place greater importance on having children. Only fifty-five percent of FRG women felt that a woman with children lives a happier life than without, but seventy-seven percent of GDR women felt life was happier with children.²²

²⁰Merkel, p. 6.

²¹Fritz H. Koenig, "Short Prose by Female GDR Writers," *GDR Bulletin*, Washington University, St. Louis, MO, Fall 1991), p. 16.

²²Dieter Dietrich, "Women, Work, and Aspirations: Changing Attitudes and Expectations in Both East and West," *The German Tribune*, (24 July 1992).

In general, many of the welfare provisions in East Germany exceeded those of their western cousins. The GDR's medical system offered comprehensive, free, and reasonably high-quality health care. Infant mortality was substantially lower in the GDR than in the FRG. Abortion was free and unrestricted.²³ The actual costs of rearing a child were offset to a greater extent in the GDR. In West Germany, family assistance subsidies covered twenty-five percent of the actual costs of child rearing, whereas public funds in the GDR, including higher amounts of child allowances, child-related tax deductions, subsidies for children's clothing and food, and costs of child care facilities, covered about seventy percent of such costs.²⁴ In areas of taxation and retirement, women received favorable treatment in East Germany. Women in the GDR retired at age sixty; men at age sixty-five. To compensate for the difference this might pose in computing pensions, a three-year addition was calculated for children reared. Despite the addition, men receiving a minimum pension of 330-340 Ost-Marks numbered 554, as opposed to 166,000 women.

In general social terms, West Germany sought to shelter women in a paternalistic society. It was not until 1977 that a law in the FRG, giving husbands the right to prohibit their wives from working outside the home, was changed. Divorce provides another example of the divisions in ideology. In the West, the

²³Richard F. Staar, editor, "Germany: German Democratic Republic," *1991 Yearbook on International Communist Affairs*, 1991, p. 298.

²⁴Gerhard, p. 20.

concept was to maintain the previous standard of living for a divorced woman, even allowing her to return to court years later for adjustments in her support according to changes in her economic status. In the East, divorced women were only considered entitled to an allowance if they were not capable of full-time work.²⁵ Women in the GDR gained a great amount of respect in society, and found economic independence through their labor prior to unification, but the patriarchal structure was not destroyed by socialism.

ENTREPRENEURSHIP IN THE GDR

Women represented a very small percentage of entrepreneurs in the GDR. The security provided by the system gave little incentive for women to strike out on their own. Opportunities for full-time employment and the social security network discouraged both men and women from entrepreneurial endeavors. Women in West Germany were found in increasing number among the entrepreneurial self-employed. In West Germany in 1984 self-employed women were found in the following activities:

Agriculture	12.3%
Industry	10.2%
Trades, Restaurants, Hotels	46.3%
Transport	1.8%
Finance	6.8%
Services	21.5%

²⁵Ilka Piepgras, "Eastern Single Parents At Edge of the Social-Security Net," *The German Tribune*, 7 August 1992.

(There were no or minimal numbers of women in mining, gas-electricity, building, communications, services to people, and other activities.) (Source: Eurostat, 1984.)

By 1988, women still comprised only 23.2% of the self-employed, non-agricultural workers in Germany. Although self-employment does not necessarily equate to entrepreneurship, it provides a numerical basis for comparison with the GDR, where the small business sector was absorbed under an umbrella of state control during the 70s and 80s.

The survival of an entrepreneurial spirit in the GDR can be argued within the framework of new business start-ups and survival of a private, small business sector in the GDR. Although many economists describe the death of entrepreneurship and innovation under the controlled socialist economy, there is evidence of the survival of a small-business sector, of self-employed individuals in services and industry, and of entrepreneurial efforts in creating new markets. Unlike other Soviet-bloc countries, East Germany preserved a mixed-ownership economy throughout the 1950's and 1960's. Poland maintained a large sector of its agriculture in private hands, but the GDR went beyond that, and managed to preserve some portion of private ownership in manufacturing, handicraft, and trade, as well as agriculture. Andreas Pickel proposes that it was the unintended and unwanted consequence of the actions and policies of the Communist regime.²⁶ The inconsistencies between ideology and reality in the GDR gave way to a pragmatic acceptance of the

²⁶Andreas Pickel, *The Survival and Revival of Entrepreneurship in the GDR* (Boulder, CO: Westview Press, Inc., 1992), p. 2.

preservation of the private sector. Over time this led to its gradual institutionalization and integration into the larger socio-economic and political-economic system. Many entrepreneurial efforts came about in support of larger, state-run industries. When a need existed, the bureaucracy looked the other direction as a small, private business developed in support of a major factory. The private sector became valued for its economic contribution and as an integrated subsystem, as it lost its ideological threat to Communism.

The major post-war problems for private industry in the GDR were inadequate materiel and technology. Licensing was used as a control mechanism and was handled by local organizations. Unlike other Soviet-blocs, corruption and illegal economies were minimal. The GDR had an institutional infrastructure which preserved private enterprise for over three decades. This infrastructure included social traditions and attitudes, a functioning regulatory framework, public administration and forms of integration into the state economy, limited forms of interest representation (BLOC parties), and favorable public attitudes. This historical advantage over other East European countries might well prove to be the key to a more rapid development of an innovative, entrepreneurial business sector.

In 1949 private firms represented 31.5% of the gross industrial production for East Germany, most of which was in light industry and food processing.²⁷ Small business depended on the state-owned heavy industries for supplies. The state gave production quotas to private industries but were lenient when supplies were short.

²⁷Pickel, p. 31.

They taxed private industries but in actuality, encouraged systemic violations.²⁸ For six months in 1953, the Communist regime campaigned against private business with devastating results. But the backlash in economic costs, public resentment, and resistance, caused them to call off their campaign. The reversal actually created more leeway for private industry. During the following two months, 347 national firms were reprivatized, 2,805 liquidated enterprises resumed operations, and 4,450 new firms were established. Prices were freed, bankruptcy proceedings were halted, and the net production share of private industry increased.

During the late 1950s and early 1960s the state made another stab at private industry, but did so by attempting to participate in private enterprise. The state became investment partners in many private firms, but control remained with the private owner.²⁹ The favorable conditions in East Germany are best viewed in light of Hungary, Czechoslovakia, and Poland. There, the private economy was reduced to a negligible size and marginal existence by the early 1950s, but private enterprise remained significant in the GDR until the early 1970s. The largest private enterprise in the GDR in 1971 had 873 employees. East Germany could still boast of a total of 2,976 private industrial firms, thirty-eight percent of which employed over 100 people. By the end of 1971, with a workforce of over 1 million, the private and semi-private economy accounted for sixteen percent of the East German workforce. (Table 17)

²⁸Pickel, pp. 31-32.

²⁹Pickel, p. 48.

The Economist portrays a different picture of those developments. They report that problems with supply and capital financing, and the "participation" levels by the state (another name for nationalization of private industry), resulted in the death of the "Mittelstand", small firms of up to 500 employees. (Table 18) Part of the variance in optimism could be explained by the difference in definition of state ownership versus partnership. Whereas the Economist sees state investment as a takeover, Pickel views it as Soviet lip-service, where control remained in the hands of the entrepreneurs. Pickel maintains his optimism in describing the reform measures passed in 1984, '86 and '88. Those measures included liberalization in licensing, preference in allocation of apprentices, promotion of the children of private entrepreneurs to take over the parental business, special start-up and expansion loans, tax exemptions and credits, special performance subsidies for selected trades, wage increases for employees in the private sector, and the possibility of converting socialist retail outlets to private management.³⁰ In comparison, in 1980 the GDR had 5.2 percent of its non-agricultural workforce in the private sector, while Poland and Hungary had 4.9 and 3 percent, respectively.

The social status of the entrepreneur in East Germany gave security to private industry. They were respected community members, conservative and law-abiding, who supplied a service, provided needed currency, and seemed to experience job fulfillment. Because the elaborate framework was in place when the transition began in the late 1980s, again unlike other Eastern-bloc countries, there was a framework

³⁰Pickel, p. 104.

for reforms. More favorable policies adopted in the early 1980s in Poland, Hungary, and the Soviet Union met with more limited success. In less stable political and legal environments, those countries experienced more rhetorical endorsement and less effective policies which actually enforced benefits for the private business sector. Just prior to unification, demands for reforms were met with adopted measures in early 1990. But although the July 90 unification freed entrepreneurs from restrictions of the Communist system, the problems with scarcity of materials, property rights, competition, and rising costs spurred by inflation left the plight of the eastern entrepreneur much in doubt.

CHAPTER 3: PRESENT CONDITIONS

It was a trauma for the East to meet the West so suddenly but even more so for women, who see a large discrepancy between Eastern and Western rights for women in the workforce. Throughout Germany women feel that they lead a life much different from their mothers. Roughly eighty percent of women today "have the impression that their scope for freedom and the possibilities to realize their own interests are much greater than the means of development available to their mothers."¹ But the belief that the past decades have brought about a liberation from role constraints and material dependence is taking a bashing from unprecedented levels of unemployment and new forms of discrimination in the workplace. The predominance of large industry, well organized labor unions in the West, and weak governmental support of the rights of women have not fostered an environment for women to succeed in today's evolving economy.

The trauma today often takes the form of hatred, as GDR citizens cope with the loss of an ideology which was droned into their heads over the years. Their Marxist utopia is classified as a failure; thus, all forms of culture are fading or are being questioned. Deep culture, imbedded in everyday life in institutions such as government and education are changing beyond recognition. Formal culture in the forms of art, literature, music, and dance, are finding new expression but with an

¹Dieter Dietrich, "Women, Work and Aspirations: Changing Attitudes and Expectations in Both East and West," *The German Tribune*, 24 July 1992, p. 13.

abrupt break from the past.² Unification is causing German citizens on both sides to wonder what is reality and truth.

Current signs reveal both optimism and pessimism among economists. A report by 3i, Europe's largest venture and development capital supplier, indicates the climate is right for rapid expansion in all of Europe, but the spirit of enterprise needs finance. West Germany's financial picture prior to unification shows an undeveloped market for venture capital, but with little support from the government. Germany's total investment was only 0.1% of its GDP in 1989. Germany thus ranked below the United Kingdom, France, the Netherlands, and Italy in total available European Currency Unit (Ecu) for development.³ Although West German banking magnates like Wolfgang Roller, Dresdner Bank, say the "thousands of potential small entrepreneurs who will spring nimbly into action once the last trappings of socialism are swept away" will become prime prospects for lending, he fails to consider other problem areas, such as available investment capital, training and information, materiel, and market development.⁴

The economy shows significant growth in the service sector in Germany. In 1990, the amount of total economic growth is relatively what one would expect during a recession. There is also evidence of the growing role of the private sector in the production of goods. The Economic Commission for Europe found private investors

²Dieter E. Zimmer, "Die Verbitterung," *Die Zeit*, (10 July 1992).

³"Backing for Break-Outs," *International Management* (May 1991), pp. 54-55.

⁴Peter Fuhrman, "Dresdner Bank: Advance Agents of Capitalism," *Forbes*, (2 April 1990), pp. 39-40.

from the West showing interest in the potential of the East, but hesitating in the face of issues such as private property rights and lack of infrastructure. The federal structure of the German government itself tends to discourage entrepreneurial activities. The variations in policies between the various Länder, and the strong influence of trade unions reduce potential growth for small businesses, especially in manufacturing. Although small manufacturing firms flourish in the former FRG, it is primarily because of a highly skilled workforce producing goods, highly prized by a world market. The ability of Eastern women to capitalize on a portion of that market or develop a service market will depend on how fast they can develop the necessary business skills and get financial backing.

UNEMPLOYMENT AND WELFARE

When discussing unemployment in Germany, the difference between long-term and short-term unemployment becomes important. Because most West German firms hire personnel for life and there is relatively little turnover in personnel, there is a higher percentage of long-term unemployed personnel, but a relatively low percentage of short-term unemployed. The sluggishness of the German job market causes the West to accept a ten percent rate of long-term unemployment as normal.⁵ The development of this permanent workforce and permanent unemployed portion leaves Germany unprepared for dealing with massive temporary unemployment or

⁵Ute Gerhard, "German Women and the Social Costs of Unification," *German Politics and Society*, (Harvard: Winter 1991-1992), p. 20.

major shifts in the labor market. Early in the unification process, unemployment was predicted to be up to twenty percent, but the actual figures exceeded the imagination of the experts. Unemployment in April 1991 was reported as 9.5 percent. This figure was kept low by not including the approximately 500,000 forced into early retirement, 500,000-600,000 suspended civil servants, and the more than two million workers on temporary conditions, who were eligible for lay-off 30 June 1991. At the end of June 1991, the figures revealed: approximately 800,000 registered unemployed workers; 1.9 million temporary workers; 150,000 workers in make-work jobs; 500,000 employees forced into early retirement. Based on these figures, it was calculated that almost every second person would be out of work sometime in the near future.⁶ The experts quickly revised their estimates, citing unemployment to reach forty-to-fifty percent before stabilizing, hopefully in the summer of 1992.

The real unemployment rate in the former GDR was over 25 percent by the end of 1990, while average gross monthly income in eastern Germany had reached only 37 percent of the western German level. Unemployment was expected to reach 50 percent by summer 1991...By the summer of 1991, only slightly over half of the newly unemployed were women; however women constituted just one quarter of those who had found new jobs as the labor market shifted and membership in the labor force was redefined by the West German model. Single mothers are disproportionately represented among the unemployed, as are women over fifty and women with college degrees.⁷

The official rate of registered unemployed women reached 57.3 percent of total unemployed by July 1991, and the trauma was in full swing. (Table 2)

⁶Gerhard, p. 21.

⁷Dorothy J. Rosenberg, "Shock Therapy: GDR Women in Transition From a Socialist Welfare State to a Social Market Economy," *Signs*, (Autumn 1991), p. 132.

By September 1990, women accounted for fifty-five percent of the unemployed in Berlin-East. Of that amount, fourteen percent were single mothers with dependent children. These single parent families now live on the edge of poverty. Many live off unemployment or social welfare benefit, with rent rebates and child allowances. The change from financial independence to relying on social security for every new pair of children's shoes, those only available after a rigorous means test covering the financial status of even close relatives, spells disaster for those struggling to maintain some form of dignity and independence. The requirements of family care also restrict a woman's competitiveness in an increasingly dog-eat-dog job market. Training and retraining courses which require travel and work away from home eliminate many possibilities for single parents. Scarier yet is the expected future increase in the number of women who will claim social welfare benefits, forced to do so by additional cuts in school programs, day care facilities, and continued closures from market fluctuations.⁸

The statistics are more profound when considered within context of the attitude of East German citizens. Since employment in the GDR was socially required for women, one might consider that the high rate of employment for women was artificial, that many women would have preferred to remain officially unemployed. When asked whether women should gradually withdraw from the labor market once New German men begin earning enough to support a family, an

⁸Ilka Piepgras, "Eastern Single Parents at Edge of the Social-Security Net," *The German Tribune*, 7 August 1992.

overwhelming seventy-six percent of the New German women reject the idea, and were surprisingly supported by sixty-nine percent of the men. Although in the past most families required two salaries to maintain higher standards of living, it seems that employment is now imbedded in the standard for personal quality of life for women. Women surveyed maintain that they want paid employment because the work itself is a valued activity and gives them economic independence "unknown to most women in the Western state."⁹ Eastern women polled in fall 1990 by the Federal Women's Affairs Ministry overwhelmingly indicate the desire to work outside the home. Only three percent of the female population polled said they would be willing to devote their lives to house and home, considering housework as their ideal job. But the social agenda and infrastructure are returning them to their homes whether they wish to be there or not.

By August 1991, the official unemployment for East Germany was reported as 14.5 percent for women and 9.8 percent for men, but women accounted for 58.5 percent of the truly jobless.¹⁰ The non-registered or unofficial portion includes unemployed who do not qualify for benefits, those who see no hope in employment in the near future and therefore do not register, and those who were employed but choose to remain unemployed. There are three basic reasons for the problem of unemployment. First, the number of jobs in areas which use mainly women workers,

⁹Joyce Marie Mushaben, "Paying the Price of German Unification: Männer Planen, Frauen Baden Aus," *GDR Bulletin*, (Washington University, St. Louis, MO, Fall 1991), p. 4.

¹⁰Mushaben, p. 6.

such as health and social welfare, commercial and services sectors, administration and the textile industry, have been drastically reduced. Second, unmarried mothers, mothers with young children, and handicapped women are often the first to be released. The lack of job protection and of ignorance of legal rights leaves women with no individual avenue for recourse. The third reason is current discrimination in hiring practices. In the tough struggle for the few jobs left, more men are being hired than women.¹¹

The first problem is a result of the job segregation discussed in Chapter Two. Traditional concentration of women into fields such as food-processing, shoe and textile industries, accelerates the rate of unemployment when those industries face extinction from western and international market competition. A large percentage of civil servants were women. The West German system includes the entire judiciary system, postal workers, civil administrators, but also university professors, teachers, doctors, and scientific researchers. The old system in the GDR was even broader. The FRG civil servants receive guarantees of lifetime employment and additional benefits including a generous pension. Early during the unification process, representatives of the political Christian Democratic Party (CDU) made extravagant promises including, "Nobody will be worse off than they are now," but civil servants of the GDR are considered ideologically suspect. With the cry for "Liberty rather than socialism," the unification process denied extending the rights of Beamte to

¹¹Peter Gärtner, "Women The First to be Sacked as Closures Boost Unemployment," *The German Tribune*, 18 September 1992.

Easterners. By defining all former GDR civil servants as public employees, over half a million personnel were placed on a waiting list at seventy percent of their normal salary until 30 June 1991, after which they were to be fired. This process was declared legal by the German Constitution Court, but seems arbitrarily offensive when compared to retired fascist civil servants in postwar Germany, when former Nazi party members in public employment received their full pensions.¹² Feelings against an unjust system run high as East Germans see a man who was a high-ranking Stasi officer now managing a major GDR foreign trade firm while ordinary border guardsmen are put on trial for killing a young man who had attempted to escape to the West.¹³

The Bonn coalition announced 23 August 1990, that all superior rights or benefits provided in the GDR would be reduced to FRG levels. Under the glass ceiling, positions predominantly filled by women are neither high status, nor high-salaried positions. Professionals in the Western hemisphere, including judges, doctors, lawyers, and professors, receive correspondingly lower salaries in Eastern Europe when compared to the standard male wage. Although women constituted only 27.2 percent of mayors and 32.2 percent of members of parliament, 52 percent of judges were women.¹⁴ The salaries of those employees still have not been raised to the promised sixty percent of the West German rates. In reducing and capping

¹²Rosenberg, p. 131.

¹³Hanna Behrend, "East German Women: Under the Federal German Eagle," *New Politics*, (Winter 1992), p. 118.

¹⁴Rosenberg, p. 129.

pensions of doctors, lawyers, judges, teachers, and college professors, women are proportionally severely affected. Among the worst hit for women are the academics. Their rate of unemployment is now fifty percent. Entire social science departments, including the Academy of Sciences and the entire Academy for Educational Sciences, were closed and entire staffs dismissed. A reformed education system also put women on the street. First the teaching qualifications of many teachers were downgraded so many women were no longer considered qualified for teaching the upper grades in grammar schools. Second, the teacher-student ratio was adjusted to FRG levels placing more children per teacher in elementary and secondary modern school, making teachers redundant. Political screening accompanies this staff reduction.¹⁵

The onslaught from the West began hesitantly in business ventures, but unfortunately Westerners did not hesitate as much in the job market. The all male heads of the new social science departments come from West German colleges. Former staff could apply for other appointments, but their applications were not given priority. With a surplus of West German medical and education graduates looking for jobs, the thought of possibly more unemployment from Western manpower competition is frightening, especially for single-parents and women over forty. In civil service, Bonn is offering a tax-free monthly bonus of up to \$1,500 to FRG workers willing to relocate. Also, Western Germans working in the East are routinely paid West German-level salaries, significantly higher than their fellow

¹⁵Behrend, p. 120.

eastern co-workers.¹⁶ The salary differential also works in reverse. Previous policy was for immigrating German descendents from any country to receive jobs and pay in the FRG under liberal immigration laws. To stem the tide of East Germans seeking higher wages in the West, a new provision limits Easterners working in the West to their old salary levels until the system stabilizes.

Although women in redundant jobs and old state positions were released they are not the first to be placed into new public sector jobs. In fields such as organization, administration, clerical work, social work, education, social and natural sciences, and retail jobs, women total two-thirds of the newly unemployed in these sectors. But for every woman placed into a new job, two men are finding new employment. A job creation measure, Employment Procurement Program (*Arbeitsbeschaffungs-massnahmen* (ABM)) centrally funds positions for struggling enterprises. But the labor minister is unable to explain why only thirty-three percent of these federally funded positions have gone to women.¹⁷ In 1991 the number of ABM jobs exceeded the number planned for the year, but when the government tried to curtail the operation, trade unions protested. Angela Merkel, Federal Minister for Women, went on record as saying she wanted priority to be given to allocating ABM jobs to women until their unemployment level declines to the overall level in the area where they live. This reform measure may be adopted by the Bundestag in the fall of 1992.

¹⁶Rosenberg, p. 131.

¹⁷Rosenberg, p. 132.

Missing from all this, however, is job security. With salaries funded from central government, it is assumed that eventually these salaries will be taken over by the organizations themselves. As the clock ticks and money for programs becomes increasingly scarce, no one knows when the hatchet will fall. Girls are no longer being trained for even the few predominantly male jobs in which they previously competed. Jobs such as welding, electronics, tractor-driving, and shipbuilding will see no women in the near future. Apprenticeship programs have been cut and future emancipation progress appears grim. Retraining programs are taking a back seat to initial efforts of privatizing large businesses, selling off interests, and solving property disputes. Entrepreneurial hopes for women dive as "Eastern German males are preferentially admitted to career programs for finance and insurance."¹⁸

Although there is hope in the marked rise in trade union activities, individual unions, developing after the dissolution of the East German Trade Union Federation, are showing marked differences in results for men and women. Railway and metal workers, garbage collectors, and postal workers have successfully struck for improved conditions and higher wages. Unions serving predominantly women employed in the traditional women's trades (textiles, dress-making, hair-dressing), the lower level civil service employees, and education have achieved practically nothing. For part-time

¹⁸Mushaben, p. 7.

employees, ABM or temporary employees, and entrepreneurial personnel, trade unions have great difficulty organizing and meeting non-standard needs.¹⁹

Economists were of the opinion that the summer of 1991 would be the turning point for the East German economy. Production slumps caused by consumers turning to the West for products, and unemployment would settle down. Now according to experts, the labor force in Germany is split and will remain so for another three-to-five years.²⁰ In August 1992 unemployment in all areas in eastern Germany was 14.4 percent, compared to six percent in western Germany. The unemployment rate for July 1992 for all twelve European Community countries was 9.5 percent. The Federal Bureau of Statistics in Wiesbaden released figures in September 1992 showing that the number of people working in Eastern German industry has been cut almost in half within the year from July '91 to July '92. As the downward economic trend continues, women find little hope for any job, much less an attractive, well-paid position. Underemployment, below one's credentials and training, is often a woman's only choice.

The majority of East German women, organized feminists or not, though clearly not willing to return to the hearth, have largely resigned themselves to being losers. While they do not look back nostalgically, they feel that most of the changes are for the worse and there is little one can do about it.²¹

¹⁹"The New Europeans," *The Economist*, (School Briefs: Europe-The Revolution of 1989-1992, November 1991-February 1992), p. 6.

²⁰Ursela Helwig, "Kommentare und aktuelle Beiträge," *Deutschland Archiv*, (April 1991), p. 338.

²¹Behrend, p. 127.

SOCIAL DISPARITIES

Perhaps the most obvious social disparity for Eastern women before and after unification comes in the form of child care. Berlin offers a good example of the cuts in social services. There were over 600 child care centers receiving public subsidies over the years. Thirty were suddenly notified of rent increases between 100 and 450 percent. The Berlin Senate tried to deal with a tight budget by eliminating 18,000 places for children in Berlin-East, while there are another 20,000 toddlers on waiting lists for day care places in Berlin-West.²²

All across Eastern Germany the story is the same. Half of the company day care facilities were closed prematurely, despite promises by Bonn. Under the unification treaty the federal government agreed to subsidize child care facilities until June 1991. Protests and an organized campaign resulted in Bonn promising to extend support for kindergartens (ages three to six) until the end of 1992, but there was no promise of support for creches or facilities for older students. Twenty-four hour child care is a thing of the past. Child care services are not even available year round, now closing during part of the summer months.²³ Rent and salary increases combined with the loss of government subsidies necessitated increases in fees, thus outpricing child care services for low-wage earners. As centers raise their prices or close for lack of funding more women are forced out of work and onto welfare. Some firms have turned their child care facilities over to local authorities for

²²Mushaben, p. 5.

²³Behrend, p. 123.

management, which have their own financial agenda to balance. The consequences will be additional cuts in services, increases in fees, and more closures.

The baby year at full pay has been replaced by the right of parents to take off two years to look after their small children. Two years became the standard after the federal government first extended payments to eighteen months in July 91, then later to twenty-four months with job-return guaranteed beyond one year for women. Government support of 600 Deutschmarks per month is not enough for one person to live on, much less a mother and child.²⁴ Gone is the GDR's extensive program for employment, further education and reintegration programs for women returning to the work force after a family-related absence. The old FRG pattern dominated the thinking of decision-makers. Only about one-third of West German women show an unbroken career pattern, one-third stopping work for an extended period because of family responsibilities, and one-third permanently leaving the work force after the birth of a child.²⁵ Programs which target only one-third of the female workforce may not be top priority for funding in the old FRG system, but for Eastern women with higher birth rates and higher employment expectations, the absence of these programs makes their reentry into the workforce extremely hard. Already the birthrate in Eastern Germany has dropped as women face the realities of having children under a western system.

²⁴Behrend, p. 166.

²⁵Rosenberg, p. 138.

Sick leave for children's illness was formerly for six weeks at full pay. It is now limited to ten days a year. The household-day, one day per month off at full pay for women with an independent household, was phased out in the end of 1991.²⁶ Automatic post-partem leave has been reduced from twenty weeks to eight weeks, far below the OECD countries average of twelve to eighteen weeks.

The prices of foodstuff, goods, and services all increased dramatically after the 1 July 1990 currency union. For example: electricity rose 197 percent, gas rose 201 percent, public transportation rose 43.8 percent, and train fares rose 78.5 percent. In January 1991, Bonn announced rent increases from 300 to 400 percent for state-owned rental housing, where the majority of former GDR citizens live. Those increases took effect in October 1991.²⁷ With rent for private homes going up by 400 to 500 percent, commercial rents are "uncontrolled and soaring, driving many craftspeople, small businesses, shops etc. out of business."²⁸ Entrepreneurship outside a home is out of reach for many Easterners.

Subsidies for theatres, concert halls, youth clubs, museums, publishing houses, libraries, sanatoria, clinics, and sports training centers have either been cut or severely curtailed. Many managements were obliged to scurry around for sponsors in order to function at all. It is almost impossible for most of them to become commercial enterprises since in East Germany there is no likelihood of patronage from wealthy individuals or firms...Ruthless competition is the order of the day for colleges, hospitals, and research institutions.²⁹

²⁶Behrend, p. 122.

²⁷Rosenberg, p. 134.

²⁸Behrend, p. 123.

²⁹Behrend, p. 119.

Mail order catalogs fill mailboxes while many businesses close. Sex shops open while public libraries close. Youth clubs must share their facilities with video lending services, even in remote villages. Even the special turn-arrow, which allowed for right turn on red has been eliminated. The GDR speed limit of 100 kilometers on highways has been raised to West German limits. The no drink-drive rule in the old GDR is doomed for replacement by a less rigid West German ruling.³⁰

The few glimmers of social hope are not very bright compared to the darkness overshadowing the East. In some East German towns women are banding together and forming new organizations to fight for their rights. In the early days of unification, women were found in large numbers participating in the Round Tables, modeled after the Central Round Table in Berlin. This voting institution, organized under the auspices of the Lutheran church to provide a regular public forum, provided a place for representation of many splinter groups, including a new organization for women, the *Unabhängiger Frauenverband* (UVF). The round tables that sprung up in cities and towns across the GDR, working with or to replace the Party-controlled governments, were reminiscent of the workers' and soldiers' councils (*Räte*) of the winter of 1918-1919.³¹

In many East German towns women have established refuges, unfortunately sometimes against increasing domestic violence, but also where political, cultural, and recreational activities are held. Educational and retraining centers for women have

³⁰Behrend, pp. 124-125.

³¹Rosenberg, p. 140.

been and are being established. Women attend lectures, train in self-defense, and organize political groups which have spoken out on issues of child care, the Gulf War, and equality in the work place. Marianne von Weizsäcker, wife of Germany's President, is chairwoman of the "Elly Heuss-Knapp Foundation", which is extending its operation of providing rest and recuperation facilities for women into the five new Länder. These facilities, provided to women free of charge, offer four week programs for women recovering from illness, physical exhaustion, and pressures of everyday life.³²

Most East German women took their social benefits for granted. Their ignorance of the Western social system created a naive acceptance of unification, which prefaced the trauma to come. The loss of employment may mean a loss of power and independence, but the loss of social benefits often causes the loss of employment. Women receiving benefits under the old system certainly never wanted to lose them so completely, and never dreamed it would happen so suddenly.

PRIVATIZATION AND SMALL BUSINESS

The West German model is being overlaid on East Germany. As previously described, in everything from employment patterns to child care, from education to traffic regulations, regardless of whether the East German system was faulty or not, the West is encroaching upon Eastern society and women. When mass demonstrations began in the fall of 1989, East Germans knew their economic system

³²"Social Report 4/5 - 1991 Women," *Inter Nationes Bonn*, p. 23.

needed major reform. By December 1989, East Germans had heard promises of aid in the form of investments, badly needed to make GDR industry and agriculture competitive with Western markets. The lag in support as government struggled with political and monetary union helped drive a country struggling with economic stagnation into economic collapse.³³ If there ever was a time when suggested reforms would work, it was past. Although some economists suggest that the collapse was inevitable, that it was merely a matter of time as the true picture of the East was revealed, others argue that the reforms started in the early and mid 1980s were directing the economy toward a free market system. If Western aid had been more timely and less filled with ideological misconceptions, reforms could have been enacted which would have bridged the two economies in a much less traumatic manner. The speed of unification coupled with the sluggishness of economic aid and reform created the ruins on which the Western model is being built.

When state subsidies were suddenly cut off, firms had no time to adjust to the changed market system. Exposed to competition from Western commodities inundating the country, even previously profitable branches of industry folded. Agriculture is a marked example of an industry struggling to survive against the huge EC market. In 1989 more than eighty percent of all workers in agriculture worked in cooperatives. They cultivated ninety-five percent of the agricultural vegetable and plant farms, and seventy-five percent of livestock farms. Only about five percent of

³³Behrend, p. 116.

the land was cultivated by 3,500 private farmers and their families.³⁴ With trade to Eastern Europe and the USSR gone, large West German chains took over the market and boycotted home-grown food products and commodities. Through the summer and autumn of 1990, local bakeries, meat processors, and the agricultural cooperatives tried to compete, finally forced to sell their goods from trucks to customers lined up in the streets. The local goods were cheaper, thanks to more economic packaging and lower transportation costs. Some home-grown produce is reportedly now reappearing on shelves in stores, but often the result of producers who have been taken over by West German firms. Eastern Germany must yet face enforced compliance with EC standards, which may be the final knockout round for remaining agricultural enterprises.

When workers were offered little retraining, entire sections of Saxony and Thuringia became derelict areas.

Even the prosperous glass, china, and textile industries did not survive the onslaught of the Western market economy. Reprivatization of industry was put in the hands of a Trust Fund whose management dismantled the state trusts and sold the best bits to West German bidders for next to nothing, shutting those workplaces they felt could not be made competitive quickly and cheaply. Frequently, they sold viable, competitive firms to West German bidders who had no intention of continuing these businesses but merely wanted the property whose value soared, enabling these financial sharks to make huge profits by reselling.³⁵

³⁴Federal Office of Foreign Trade Information, *Doing Business in the Five New Länder*, (Cologne: 1991), p. 47.

³⁵Behrend, p. 119.

Whether or not the facts above are distorted, the feelings ring through loud and clear that Easterners feel more loss than help from the West with their struggling economy.

Some recent developments are more encouraging. In early 1990 both Dresdner Bank and Commerzbank reported they were inundated with inquiries from people wishing to set up businesses, particularly service firms. Initially, six billion Deutschmarks was established for ERP loans, as discussed in chapter one. That amount was fully committed early in the year.³⁶ Of the 10,500 enterprises under the care of the privatization trust, Treuhandanstalt, 4,300 firms were privatized by the end of October 1991. Several thousand small firms were taken over by East German citizens. Many local firms on the border of existence were saved through management or employee buy-out.³⁷ Reportedly over 700 firms were taken over by previous management, mostly small businesses in handicraft, goods, and services, and a few in manufacturing. But the Treuhandanstalt can only work so fast and do so much. Focused on large industry, it remains for small industry and services to develop on their own. Unconcerned with problems of unemployment or special needs of women, Treuhand's mission is to divest state owned industries as quickly and efficiently as possible. In counting on the flexibility and innovation of the middle class to develop and sustain small firms and meet the growing service demands,

³⁶"The New Germany," *The Economist*, (30 June 1990), p. 21.

³⁷Fritz Homann, "Treuhandanstalt: Zwischenbilanz, Perspektiven," *Deutschland Archiv*, (Bonn: December 1991), pp. 1278-1279.

entrepreneurship becomes potentially critical to building the new economy in the East.

Again, economists argue two ways. Privatization, directed by the federal government, to which the Treuhandanstalt belongs, is not flexible enough to handle the massive degree of economic development needed in the East.

Der Staat (und die Treuhand gehört eben in diesen Bereich) ist im internationalen Wettbewerb heute nirgendwo flexibel genug, um unternehmerisch handeln zu können. Nur privates Eigentum kann an den ostdeutschen Standorten wirklich dynamische Unternehmerinteressen entstehen lassen. Viele von uns wussten es, aber alle müssten es inzwischen gelernt haben: Die unternehmerische Initiative wird letzten Endes über die industrielle Zukunft Ostdeutschlands entscheiden. Und es ist eine der wichtigsten Erfahrungen der zwei Jahre seit der Währungsunion, dass diese Initiative wegen des tiefgestaffelten Restrukturierungsbedarfs in den Unternehmen meist nur in kleinen Einheiten erfolgreich sein kann...Privatisierung muss aber mehr Chancen für Unternehmer einräumen, sie - und nicht der Staat - entscheiden am Ende (wie in allen Marktwirtschaften) über die Zukunft der Wirtschaft.³⁸

On the other hand, although regional markets can privatize relatively quickly, without a global perspective economic development becomes hit and miss. Economists argue that to compete in a world market, Germany must set a goal for development. They must have a plan for creation of jobs, development of training programs, and plan for modernization of industry. For the development of an entrepreneurial sector, the country must still have a strong infrastructure including roads and communication, a working supply system, banking and finance systems which have needed reserves and provide access to capital, and affordable fixed assets.

³⁸Klaus von Dohnanyi, "Der Notplan Ost," *Die Zeit*, 10 July 1992.

The means and desire to develop a strong private sector with entrepreneurial efforts are there, but many hurdles stand in the path. Entrepreneurship is still essentially a masculine phenomenon, despite a tremendous growth of women starting businesses in developing countries. In the twelve members of the European Community, only 1.9 percent of working women run their own business, compared with 5.1 percent of working men. These statistics have shown little change from 1983 to 1989.³⁹ This same report states that Italian and German experiences of women setting up their own businesses in difficult activities characterized by low pay scales and skills, indicates the choice of entrepreneurship "is a matter of second best."

Studies indicate that unemployment is not a major stimulus for entrepreneurship. But the stimuli are different for men and women. Studies also indicate that women are more often "pushed" toward their own business by negative factors, such as major life changes (divorce, death, unemployment, market or economic changes), while men are "pulled", reacting more to positive stimuli (innovative idea, desire for autonomy, financial potential).⁴⁰ Two approaches to entrepreneurship also present women in a different light. A deliberate approach to entrepreneurship involves identifying an opportunity, studying the market, planning, accumulating resources, and building an organization in response to society. Those women usually work full-time prior to business start-up, possess up-to-date skills and

³⁹Commission of the European Communities, *Women of Europe*, (June/July 1991), p. 37.

⁴⁰Robert L. Aronson, *Self-Employment: A Labor Market Perspective*, (Ithaca, NY: ILR Press, 1991), p. 31.

technical expertise, and have access to a network of resources. They are often young, single, educated women, sometimes acquiring rather than creating their own business. The alternative approach, an evolutionary approach, is more informal and operates on a smaller scale. The business is often based on the evolution of an idea, creation of a product or service, and development of cliental. Usually the entrepreneur wishes to fill a niche with a unique product or service, while providing an income that can support the owner and family. Job satisfaction and quality of life are more important factors to this entrepreneur than outside achievement and financial gain.⁴¹

Entrepreneurial tendencies, like those of self-employment, are strong in the children of entrepreneurs. The average demographic picture of an entrepreneur reveals someone older than the average worker, with widely dispersed levels of education. The likelihood of becoming an entrepreneur is enhanced in such disadvantaged groups as immigrants, religious or ethnic minorities. Eastern German women can be counted among the disadvantaged and displaced classes, "which in turn has raised their probability of becoming an entrepreneurial class."⁴² For minorities, entrepreneurship has been a key to admission to closed activities, acceptance in society, and survival in new environments. Historical studies show that periods of rapid economic change are frequently associated with large redistributions

⁴¹*Enterprising Women*, OECD, (Paris: 1990), pp. 45-47.

⁴²Rein Peterson and Klaus Weiermair, "Women Entrepreneurs: Economic Development and Change," *Entrepreneurship and Economic Development*, (New York: United Nations, 1988), pp. 100-101.

of wealth, income, and political power. This accurately describes the scene in modern Germany, and means adaptation to economic changes potentially will take the form of entrepreneurship for certain classes, including women.

Although studies reveal that women entrepreneurs show higher levels of tolerance and perseverance, they tend to have lower expectations. This can be considered an advantage in extremely hard economic times, in that women are more willing to explore market gaps, niches and opportunities that others might have left unexplored due to low initial potential.⁴³ Regardless of the differences, women are considered a "valuable source of entrepreneurship, particularly at lower levels of economic development and/or during periods of lower growth, when business returns may be too small to attract other investors (entrepreneurs)."⁴⁴

Among OECD countries, women account for a growing share of the labor force, and not surprisingly, a growing proportion of the self-employed. In 1986, the average proportion of women among the self-employed in OECD countries was 28.4 percent. (Table 19) These women turn to self-employment for a number of reasons. Limited opportunities and persistent occupational segregation, gaining access to higher paying jobs and the need for increased job satisfaction turn many women toward entrepreneurship. For many women the flexibility of their own business accommodates their child rearing responsibilities.⁴⁵

⁴³Peterson and Weiermair, p. 101.

⁴⁴Peterson and Weiermair, p. 101.

⁴⁵*Enterprising Women*, p. 33.

Women traditionally start businesses in areas of expertise, such as retail trade and service. (Table 20) Women have been more accepted as business owners in certain economic segments, not surprisingly following established patterns of occupational segregation. Ownership of beauty parlors, nursery schools, and retail establishments may have created occupational stereotypes and limited opportunities for women in areas such as finance, manufacturing, and research and development.⁴⁶ But women are moving into non-traditional fields and developing technical expertise. Historically women have followed courses of study in the arts or social sciences, and created businesses in the service sector, but women's enterprise creation in non-traditional sectors is expected to increase in OECD countries. Economic shifts away from manufacturing to services in developing countries provides women with opportunities to become entrepreneurs in traditional and non-traditional fields, given the proper economic conditions and stimuli.

The negative or "pushing" stimuli are currently abundant in Eastern Germany. A report commissioned by the *Frauenbeauftragte* in East Berlin concludes with a long list of fields where women might seek to carve out new professional niches. Those fields include new areas in environmental protection and urban renewal, as well as established needs in communications and marketing.⁴⁷ But women find particular difficulties in being taken seriously and in obtaining needed start-up capital

⁴⁶Robert D. Hisrich and Candida G. Brush, *The Woman Entrepreneur*, (Lexington, MA: D.C. Heath and Company, 1986), p. 8.

⁴⁷Mushaben, p. 7.

when attempting entrepreneurship. A nationwide poll on attitudes in Germany reveals that more than sixty percent of Germans in the old and new federal states believe that not enough has been done to create equal opportunities for men and women. The majority think women should enter more male occupations and seventy-five percent of Germans claim it makes no difference to them whether their boss is a man or a woman.⁴⁸ But the difficulties presented to women starting their own business indicate the stereotypes against women persist in finance and banking, in credit and lending, in governmental support, and information networks critical to new businesses.

In spite of these difficulties, several legal forms of economic cooperation are available to both male and female entrepreneurs in Eastern Germany. Five avenues for establishing new businesses are listed in a publication from the Federal Office of Foreign Trade Information:

1. purchase of or participation in an existing company which was state owned or in private ownership.
2. formation of a company, alone or together with domestic or foreign partners.
3. setting up of a dependent branch or agency.
4. formation of a joint venture with an already existing company.
5. beginning of an intensive economic cooperative with an existing company (e.g. establishment of a long-term supply contract).

⁴⁸"Social Report 3 - 1992 Women," *Inter Nationes Bonn*, p. 11.

The establishment of joint ventures with an existing company is a common operation within the European Community. It requires only that registration of the foundation document be recorded by the notary in the commercial register. Although simple, the requirement of a Western partner eliminates many women from potential ventures, both due to stereotyping and lack of serious consideration. Setting up a dependent branch or chain outlet (*unselbständige Niederlassung*) is popular in the retail market. Many West German retail companies have already opened branches in the new states. Competition facing Eastern women here comes in the form of imported labor with backgrounds in marketing, advertising, Western financing, and law. Large "consumer markets" (*Verbrauchermärkte*) claim twenty-one percent of the Eastern turnover, with smaller supermarkets showing twenty-three percent. Western discounters have been established, giving discounts on bulk purchases. Thus, joint purchases by independent, specialized shops are becoming more and more important, especially in sectors such as furniture, photo and electronics, and textiles.⁴⁹ It seems that the West is importing its economy, but not by hiring and training women. One finds evidence of entrepreneurial efforts by Westerners, and occasionally by Eastern men, but not women.

The number of newly registered trades and enterprises shows that there is indeed no lack of entrepreneurial willingness to take risks in the eastern part of the Federal Republic. According to information provided by the Statistische Bundesamt (Federal Statistical Office) in Wiesbaden, more than 280,000 companies (almost fifty percent of which were in the trade and restaurant sectors) were founded and

⁴⁹Federal Office of Foreign Trade Information, pp. 51-57.

registered in 1990. Only about 30,000 were closed (again fifty percent were in trade and restaurant.⁵⁰

Some East Germans see the winners so far as the West German chains, electronics, and mail order firms, who have registered turnovers of 300 percent compared to their pre-1989 figures.⁵¹ There is no data currently showing that the women are winners. The potential for business venture is there, as is the potential for entrepreneurship, but the social and employment crisis for women has not yet cauterized and turned women toward creative efforts in business.

⁵⁰Federal Office of Foreign Trade Information, p. 31.

⁵¹Behrend, p. 121.

CHAPTER 4: PROBLEMS FOR THE FUTURE

For nations based on a free-market system, the entrepreneurial sector of the economy is considered vital to sustained growth and prevention of stagnation. Germany expresses its support through fostering small firms, stemming the tide of industrial concentration, and promoting diversified infrastructure. Since World War II, Germany has in words supported both large industry and the entrepreneurial sector, but in deeds has offered more support for large industry. Germany's stated long term strategy for economic growth includes assistance programs, easy access to venture capital, research and development grants, and regional autonomy in administration.¹ Now, the creation or spillover of an entrepreneurial system from a legacy of socialist industrialization creates an unprecedented challenge for strategists.

Economists agree there are benefits in innovation and entrepreneurship in building a healthy, growing economy. Innovation and entrepreneurship stimulate competition and guarantee greater choice of products, services, and supplies. Although some economists emphasize the risk and high failure rate of entrepreneurial businesses, some state that small businesses are more flexible and quicker to adapt to market changes.² The mortality rate of entrepreneurship can be reduced through relief from additional tax burdens, less restrictive and more encouraging government regulations, access to capital, and increased innovation. In

¹Lucie Pfaff, *The American and German Entrepreneur*, (New York: Peter Lang Publishing, Inc., 1989), p. 11.

²Pfaff, p. 13.

1987 the OECD published a study of women in business and found that two out of five new businesses created by women survive six years, and over half of these continue their growth.

In considering a plan for Eastern European countries to use in the path to privatization, the entrepreneurial model is touted as creating new partnerships, cooperatives, and small private firms, while encouraging managers and workers at large companies to start new ventures.³ The advantages for creating jobs and providing technological innovation, customer service, and competition for large companies outweighs the problem of popular resentment if entrepreneurs are labeled as profiteers. Currently it appears that some Westerners are being so labeled and resentment is growing, but as these businesses provide new jobs for Easterners and opportunities for further market development, the tension will be reduced. The likelihood of negative labels of entrepreneurs seriously impairing market development is less in Germany than in other East European countries because of its social tradition and respect for small entrepreneurial businesses in both the East and West.

The OECD recognizes the benefits of entrepreneurship for the growth of local economies. Through diversification and local ownership of resources, entrepreneurs provide a basis for **sustainable economic growth**. Local economies are less reliant on the fortunes of one large firm or industry in a region. Throughout history and

³Christopher Farrell, "Blueprint for a Free Market in Eastern Europe," *Business Week*, (5 February 1990), p. 89.

across many lands, communities learned this lesson the hard way when major industries folded in the face of hard economic times. The industrial policies of socialism in the GDR illustrate the destructiveness of industrial concentration as the entire economic base of Saxony and Thuringia was destroyed by Western market competition. Though not providing a large number of jobs, entrepreneurs still provide a certain amount of stability in employment, with more jobs going to local residents, profits being reinvested into the community, and more ownership pride in the locality. Local ownership maintains political and economic decision-making at a grass-roots level, where community interests cross with business interests.

The eminent British economist, John Hicks, supports the idea that "privatization often seems to work best in developing countries when it takes the form of allowing private business to compete on equal terms with what was formerly a state-monopoly supplier."⁴

To release the full potential of their entrepreneurs, developing-country governments need to change their approach in the fundamental ways...summed up in the phrase "letting prices work." In development, new opportunities to invest profitability usually appear before saving and investment start to grow faster--whether the investment is buying machines or learning how to work them. Times of most rapid economic change did not follow the build-up of financial surpluses but periods of innovation. The developing countries have enormous unexploited opportunities for increasing the returns to all manner of economic activities. Once governments allow those opportunities to be grasped, entrepreneurs will start to acquire the skills they need.⁵

⁴"Missing Entrepreneurs," *The Economist*, (23 September 1989), p. 46.

⁵"Missing Entrepreneurs," pp. 44-45.

John Hicks expresses belief in the power of humans to adapt to market changes. Entrepreneurship begins with his "Economic Principle", that people will seize the opportunity of gaining an advantage when it is presented to them. Skills need to be learned, but basic human nature is willing to take the chance necessary to become an entrepreneur.

MARKET DEVELOPMENT AND ENTREPRENEURSHIP

There are four basic ways in which one becomes an entrepreneur:

- 1) Go into business for oneself by initiating a sole proprietorship to sell a service or product.
- 2) Start a new firm with at least one employee and operate it as the owner-manager.
- 3) Assume or inherit the owner-manager position of an existing firm with which one had a previous relation (either family or employee). Under the previously established definition of entrepreneurship, this does not automatically constitute entrepreneurship. Given the present conditions of the economy in East Germany, assuming ownership of a business requires such radical changes in operation and management that it could be considered entrepreneurial.
- 4) Purchase and begin managing an existing firm with which one had no previous relation. Again, this would be considered entrepreneurial in light of the changes

necessary under a free-market system.⁶ Women traditionally follow the first two paths into business because of the limited number of opportunities in the third option, and the financial requirements of the fourth option.

The economic sector also defines the manner of entrepreneurship. In fields of export or technology, entrepreneurs often spin-off, forming high-growth companies. These companies tend to offer more jobs than other entrepreneurial efforts. Non-traditional sectors and social sectors provide more opportunities for single entrepreneurs or self-employment. They target the unemployed, women, minorities, and other groups working for social and economic mobility. The business sector supports entrepreneurs in non-profit enterprises, cooperatives, and worker-owned businesses that provide social or cultural services, or retail operations. Businesses started through these efforts may also be in an industrial sector, but most notably "these businesses are often developed by unemployed individuals, those who face plant closures, and younger people frustrated with unemployment and lack of job prospects."⁷

The willingness to take a chance is considered critical in the psychological portrait of an entrepreneur. The desire for "internal locus of control" as a primary indicator of the entrepreneurial drive is the striving for autonomy, independence and self-reliance. The argument that Eastern Europeans have less ambition, and

⁶Glenn R. Carroll and Elaine Mosakowski, "The Career Dynamics of Self-Employment," *The Administrative Science Quarterly*, (December 1987), p. 575.

⁷*Enterprising Women*, OECD, (Paris: 1990), p. 16.

correspondingly less ability as entrepreneurs, is dismissed by John Hicks through his "Economic Principle", whereby people naturally take advantage of economic situations. Germans may operate under slightly different motivational factors, however. A study by researchers at the Ludwig-Maximilians Universität in Munich compared fifty-two hightech business start-ups in Germany and found knowledge of the technical area, complexity of the operation, and market considerations of competition and supply to have the greatest positive correlation with success, not entrepreneurial drive. But this also means the increased education, training, and work experience of women in the GDR increases their potential to become successful entrepreneurs. As women gain work experience and education, especially in fields of technology, their fortunes as entrepreneurs improve. Thus the possibilities for women entrepreneurs in the five new Länder actually exceed those of women in the Western world.

In Marxist philosophy, work is considered man's most noble product. It creates a new, higher form of man, as well as benefiting the society in which he lives. The work of one person creates the demand for more labor, keeping the society vibrant, expansive, and balanced. Working women create a demand for more goods and services, especially in areas such as child care, labor-saving appliances, and services. In the long run, women in the labor force create additional employment and entrepreneurial opportunities. An example of expansive possibilities based on a needed service meshing with entrepreneurs facing negative stimulus follows:

In 1975, a group of homemakers in the suburbs of a large Italian city were frustrated with doing undeclared paid work and not receiving

credits toward retirement pension. They decided to try to become legal salaried workers using the one skill they all possessed - housework. The women set up a cleaning co-operative. By offering competent service and prices slightly lower than their competitors, they have been able to expand steadily and establish subsidiaries in other parts of Italy. Their biggest problem has been their inability to pay higher wages to employees. They feel the keys to their success have been the collective motivation of the workers (214 workers, including 24 men) and the project's financial soundness.⁸

The development of the market in Eastern Germany depends on several factors, including wage and price reform, social and political reform, and a steady course of micro- and macro-economic principles. The speed at which reforms are enacted clearly impacts on both the benefits to be gained from such reforms and the ability of society to absorb the shocks. Some economists say the speed of change in all Eastern European countries will depend on how quickly new employment opportunities can be created for redundant workers. This also reflects on the education and training programs enacted. If centrally planned economies suffer from a "black hole", meaning a deficit of small- and medium-size companies, it means that "encouraging entrepreneurship will probably be an important adjunct to whatever the new governments of Eastern Europe choose."⁹

Guidelines for encouraging entrepreneurship can be developed from the list of problem areas for women. Credit remains a problem in Eastern Germany, especially for women. Financial stability in the first few years is essential to the long-term survival and growth of a new business. Financial stability directly relates

⁸*Enterprising Women*, p. 44.

⁹Farrell, p. 89.

to the amount of capital at start-up. Without proper initial financing, low interest rates, and long terms on debt liquidation, many entrepreneurs feel the risks do not justify the possibilities. The ERP loans are a move in the right direction, but more funds are needed and the criteria for women to obtain loans needs reform. Women suffer from discrimination by male bankers, interested in profit and security, ignorant about many traditionally female economic sectors. Financial lenders are blamed for not taking women and minorities seriously in their efforts to establish businesses. They also evaluate potential on size of profit, leaving many small opportunities unfinanced.

Germany's stock exchanges are small and conservative. To encourage venture capitalists and entrepreneurs, Germany needs to make it easier for small firms to go public and obtain financing through alternate means from banking. In the field of mergers and acquisitions (M&A), most German activity results from small mergers, usually two entrepreneurs who have known each other and decide to merge activities. The two-tiered board room structure, consisting of equal participation by labor and management, may be a reason for less M&A activity. The fear of hostile takeover may force management, or more often labor, to delay M&A activity.

Although credit remains the most serious disincentive to building a business, the need for technical information and expanded information in related business fields ranks second. A well-developed list of contacts in numerous fields including: taxes, personnel, government regulations, social programs, information systems, export, and trade, often overrides the need for technical expertise or expanded

cliental. Another problem, that of popular resentment, lies more in the hands of the entrepreneur than in government. His ability to do business in a reputable manner, faced with fair competition policies, will reduce social tension and distrust.

SPECIAL NEEDS OF WOMEN ENTREPRENEURS

Women face many barriers in business. The perception of women entrepreneurs is that they face more problems than men. The fact that women tend to set up different sorts of businesses than men may explain part of the barriers. In Great Britain, almost one-third of new businesses are established by women, but they are concentrated in the service sector, especially in retailing. This is most likely based on an extension of their traditional roles and existing experiences. Furthering the problem is that the product or service itself may appeal more to women than men, thus reinforcing the barrier.¹⁰ A survey of women shows problems of being taken seriously and additional family responsibilities almost equal and far outweighing problems of sexual discrimination and problems with child care. (Table 21) Women entrepreneurs are not alone in facing problems of bureaucratic red-tape, price domination by larger firms, increasing costs of technology, and decline in or rapid change in skills.¹¹

¹⁰Diane Summers, "Bank Managers' Eyes Glaze Over," *Financial Times*, (28 July 1992), p. 7.

¹¹G.P. Sweeney, *Innovation, Entrepreneurs and Regional Development*, (New York: St. Martins Press, 1987), p. 66.

Barriers exist in various forms: legal, educational, cultural, social, historical, and psychological. Success is measured against a male standard, normally in amount of profit or size of firm and number of employees. Many women in management find themselves adopting masculine standards and mannerisms in order to succeed. Worldwide, the marital age and rate, and birth rate correlates negatively to women's position in society. The higher the marriage and birth rate, the lower her position in society. This analysis is difficult to apply to Germany, because it would establish that the former FRG's lower birth and marriage rate placed women in a superior position to Eastern women in society. The high rate of employment for GDR women seems to override the trend. For developing nations,¹² the break from traditional roles requires a personal cost-benefit analysis. Can she afford the social and psychological costs of a career? The answer in Eastern Germany is a resounding "yes", as women historically have meshed careers and home, and as currently they wish to continue doing so. For women deciding to change their present career and life-style the question becomes, can she sustain the initial drive and energy needed to create and manage a new enterprise? For Eastern women that question is more relevant in light of the current depression over social setbacks.

While women in Eastern Germany have high visibility in the labor (or unemployment) market, their credibility in the eyes of the general public in terms of entrepreneurship remains low. Providers of training and technical assistance to small

¹²The term "developing nations" does not refer to Third World countries, but as in Chapter Two, refers to nations undergoing rapid economic change, including Eastern European nations.

businesses often dismiss women's efforts as "hobbies", and fail to design programs taking into account women's experience and addressing their needs. In established free-markets, information about quality suppliers, new market opportunities and potential contacts travel person-to-person through informal networks, from which women are often excluded. The barriers are magnified for certain groups of women, including racial minorities and older women, women starting businesses in non-traditional sectors, and low-income or women with lesser education. Even among women, the standards are not homogeneous.¹³

In the future, what special measures will ensure that women gain access to the requirements necessary to participate fully in economic development? Education, technology and technical training and development, access to credit and increased mobility will be major factors. Education programmes will improve the literacy rates of women, which will improve access to information and, possibly, to credit, technology and other resources. Women need technical training to meet the criteria for industrial occupations and also to make a contribution through entrepreneurship to industries where technology and training can make a difference in providing more and better goods and services. Greater access to credit will open up opportunities in more capital-intensive industries and allow women to become more productive in existing operations. Increased mobility will allow them access to wider markets and greater opportunities to expand their businesses. Mobility can be achieved by unburdening women from the primary care responsibility for domestic and child-rearing matters.¹⁴

In assessing their own needs, a group of women managers support training in areas of confidence building and being assertive. In lower levels of management,

¹³*Enterprising Women*, p. 87.

¹⁴Lois Stevenson, "Women and Economic Development: A Focus on Entrepreneurship," *Entrepreneurship and Economic Development*, (New York: United Nations, 1988), pp. 121-122.

women express concerns with coping with their role as a woman manager, dealing with difficult staff, delegation, assertion and persuasion. At higher levels, women are more concerned with interpersonal skills including managing people, dealing with men, learning about new technology, and being able to organize and retain more information. Supervisors sought training in finance, new technology, administration, and other basic management skills. (Table 22) In this survey, women spoke against training that excluded men, but recognize the need to address issues differently from traditional training. They cite benefits from training away from their mother-firm, saying the openness and sharing from different organization versus constraints from in-company training increases the effectiveness of the program.¹⁵

The importance of in-firm training cannot be overlooked. In determining which leads to advancement once inside a firm, several studies indicate training took precedence over outside, formal education. The importance of a university degree in initial hiring does not carry through with career development. Formal education may be more critical for entrepreneurs in a personal realm, in terms of confidence building, than in cultural or societal acknowledgment of skills. This also means that there is a need to raise society's expectations for the female population, especially as entrepreneurs. Improvement in career guidance and advice for women students

¹⁵Marilyn J. Davidson and Cary L. Cooper, *She Needs a Wife: Problems of Women Managers*, (Abstract), (Bradford, West Yorkshire England: MCB University Press, Ltd., 1984), pp. 24-25.

must match education of society in raising social consciousness and alleviating job constraints.

A final area of consideration for women entrepreneurs is social benefits. The generous provisions of the GDR ensured women worked full-time in established industries. Stepping outside the labor net meant stepping outside the social net. This still holds true of Western Germany regarding entrepreneurs. Since many small businesses fall outside of trade union or government organizations, social benefits tend to be less. For some entrepreneurs, mixing business and family results in part-time work, again entitling women to less social protection. Expansion of social policies to include entrepreneurs and small businesses greatly enhances the potential for women.

GOVERNMENTAL INTERVENTION

Instead of supporting entrepreneurship, many western governments are overly preoccupied with failure rates of new business ventures, continuing instead to subsidize dying firms and industries. Instead of creating favorable economic conditions which would foster the growth of new businesses, governments target particular groups for policies, subsidies, and programs. For example, rather than supplying low-cost private sector advisory agencies or consulting networks, the government in the former FRG sponsored policies benefiting ethnic minorities and youth. Many governments leave support for entrepreneurs in private hands, including investment banking, business lawyers, tax consultants, and private information

services. Regulatory agencies, however, play a vital role in the development of the economy. As shown in the economic transition in other East European countries, the rate of investment and growth directly relates to the strength and stability of the political system, and the confidence the international business community has in that system.

Many of the risks surrounding entrepreneurship actually flow from government policy directly. The uncertainty of the future often resides in the hands of government officials more than in public supply-and-demand structures. Entrepreneurs must consider: "Is the present punitive tax rate going to be pushed even higher? Will the government reform its pricing system before a planned investment comes on stream? Is this industry going to be nationalized, or more tightly regulated, or denied its ration of foreign exchange? Will it still have friends at the ministry after the next change of government?"¹⁶

In West Germany from 1980 to 1986, one-fourth of all public-sector loans to entrepreneurs went to women.¹⁷ Yet there are no specific programs targeting the training or financial needs of women in business. In Germany there is little academic training of entrepreneurs. A few entrepreneurship courses are offered in public institutions, but the entrepreneur basically relies on private support and regional development agencies. This approach leads to a disjunct pattern of information and decision making. It also allows communication barriers to arise

¹⁶"Missing Entrepreneurs," p. 45.

¹⁷*Enterprising Women*, p. 51.

when an entrepreneur attempts to define a problem, then understand new, technical advice offered from various experts' armchairs.

Examples from other countries illustrate how beneficial government sponsored training is for entrepreneurs. The U.S. Small Business Administration sponsors a Small Business Development Center program which resulted in higher rates of small business starts, and more importantly, higher than expected rates of survival. In Ireland, the Youth Enterprise Program by FAS, the industrial training authority, provides entrepreneurial training to youth between the ages of nineteen and twenty-four. It found that of the 830 young people participating in the program since 1984, sixty-seven percent are now successfully self-employed. Another program in the U.S. for women demonstrates the role women's intermediary organizations can play in promoting entrepreneurship. Women's Economic Development Corporation (WEDCO) in St. Paul, Minnesota, provides a range of services from intensive management assistance to financing, for women starting or expanding businesses. WEDCO has served 3,700 women since its beginning in 1984. Of those served, 774 have started businesses and 378 have expanded their operations. Such support obviously decreases risk. When compared to industry standards for failure, a surprising eighty-seven percent of these enterprises are still in business. Since 1985, WEDCO has loaned money to 135 businesses through a program of seed capital fund, reporting annual losses of only one percent on outstanding loans.¹⁸

¹⁸*Enterprising Women*, p. 17.

If the economy is to grow and prosper, government must lead society in allocating resources efficiently, both human and materiel. As entrepreneurs concern themselves with questions of production techniques, new products, system inertia and resistance to change, they must have governmental support in their "social task of unleashing human creativity, ingenuity, skill and effort, and channelling them into economically productive pursuits."¹⁹ The government must choose the mix between markets and formalized administrative processes or bureaucracy, between centralization and decentralization in economic decision-making, between private, collective and public ownership of the means of production, and between competition and cooperation among individuals, groups, and producer units.

Three major models of economic organization for entrepreneurship formulate the design that government planning will follow. The first model is competitive entrepreneurship, based on free private enterprise conducted in a decentralized manner within a system of competitively structured markets. The second model, a Schumpeterian monopoly entrepreneurship, mixes centralized control of economic decision-making and large organizational size of market domination, with private control of such organizations. This provides for minimum waste by small organizations with their limited efforts, inferior efficiency, and wasted capital. The third model is State entrepreneurship, such as was demonstrated in the GDR. State controlled allocation of resources and technological advance encourages long-term investment and limits risk for entrepreneurs by absorbing financial losses as well as

¹⁹*Enterprising Women*, p. 17.

gains.²⁰ Examples of all models can be found in industrial sectors in Germany. Major mining and fuel production industries have operated under the Schumpeterian monopoly system, side-by-side with competitive entrepreneurship in service and handicraft sectors. More and more industries associated with the environment are falling under State entrepreneurship.

Laws, however, tend to reflect the culture they represent. Western Germany is not oriented to women with careers. West German government policy was and still is a family policy, in favor of women performing family duties and not integrating into the labor force. One of the first steps in supporting women's rights to work and efforts at entrepreneurship could be for women, themselves, to have greater responsibility in national government. In the GDR, women were represented in large numbers at the local level, but not in senior party ministries. Women are represented in greater percentages in the European Parliament than in the national German Parliament, presumably because of the influence of more liberal West European countries. Women have been nominated to several key ministries in the new government but more political organization is needed for women to directly effect the law-making structure in the new Germany.

The proportion of female delegates to the old GDR Volkskammer rose from twenty-five percent to thirty-two percent between 1960 and 1988. In the former FRG, the percentage rose from nine percent in 1960 to fifteen percent in 1989.

²⁰Walter Adams and James W. Brock, "Economic Organization and Entrepreneurship," *Entrepreneurship and Economic Development*, (New York: United Nations, 1978), pp. 19-20.

After the 18 March 1990 elections, women fell from their previous one-third portion of parliamentary seats in the GDR, to only one-fifth of the delegates to the first democratically elected Volkskammer, and only one-sixth of the leading party's caucus. The former FRG Ministry of Youth, Family, Women, and Health was divided into three new ministries, all headed by women. Gerda Hasselfeldt headed the new Health Ministry, Family and Elderly was run by Hannelore Roensch, and Angela Merkel of the former GDR headed the new Ministry of Women and Youth. The overlapping of issues made cooperation vital, yet lengthened administrative red tape as time was wasted just deciding which organization would handle which issue. This could be a critical, perhaps fatal flaw in a period of transition in which speedy, yet correct decisions are necessary. For example, day care matters were delegated to the Ministry of Women and Youth, not Family and Elderly, since women obviously bear the major responsibility for rearing children. Although women and family are no longer linked, the Women's Ministry handled most family issues, while abortion will be regulated by the Ministry and Family and Ministry of Justice, because it is not "just" a woman's issue.²¹

The ability of government to encourage entrepreneurship and the ability of women to work with government and be supported by its decisions are two basic needs in Germany today. The government must combine political and economic goals as never before, and pursue structural changes instead of crisis management, particularly in terms of unemployment and market development. In an interview in

²¹Mushaben, p. 7.

Bonn, Angela Merkel described her most pressing tasks as ensuring that the training needs of the youth are met, training them in free choice. She stated that by encouraging private institutions, private initiatives, and self-help groups, government can promote the integration of the new federal states.²² The ability of everyone to choose their own path, even economically, must be ensured through legislation while it is being taught to the next generation of German youth.

THE EUROPEAN COMMUNITY

European Community legislation takes precedence over federal law in all member nations, including Germany. But the EC has given little attention to small businesses other than agricultural policies. The EC categorizes policies under one heading of competition policy, and groups small and medium-sized businesses together for study. The EC Commission publishes a guide to the establishment of enterprises and craft businesses in the European Community. It includes a section for Germany describing the steps one must take to be legally registered, the proper forms to complete, and the permits or certificates to be obtained. But the nine page section does little justice to the complexity of establishing an entrepreneurial business. In 1982 the EC sponsored a conference dealing with the problems of small and medium-sized enterprises and craft industries (SMEs), and published an action program outlining their determination to support the small business sector. But public confidence is still shaky, as evidenced by the popular referendums on the

²²"Social Report 4/5 - 1991, Youth Affairs," *Inter Nationes Bonn*, p. 1.

Maastricht Treaty, which would support international businesses through monetary union, and expand the decision-making powers of the nationally-elected European Parliament. Following defeat in Denmark, narrow passage in France and open concern expressed by British officials, the European Community is relying on a public relations campaign to dispel its image of out-of-touch bureaucrats.

The owner of a large family business in Germany describes his concerns about the EC in an interview in INC. magazine. Alexander Flach, of Afri-Cola Bluch Corp., considers the EC to be a combination of red tape, unnecessary regulations, and enforced centralization. He feels the increasingly powerful Eurocrats in Brussels have anti-entrepreneurial attitudes, making it increasingly harder for the voice of small businessmen to compete with large organized groups, such as organized labor or multi-national giants. Dealing with Brussels is often expensive, alien, and time-consuming. When Flach and his bottlers tried to lobby against new labeling regulations, he could not even get an appointment. In the face of the 1992 deadline for further unification, the emphasis is on larger, more centralized companies, who are easily regulated and can take advantage of the larger market. Germany is especially concerned about the trend toward mergers and acquisitions in the EC. Potential legislation favoring M&As would mean the reduction of customers for many small businesses and the potential for dictating prices to struggling SMEs.²³

Even if Germany's federal government encourages small business and entrepreneurship through economic planning, the dedication of the European

²³Joel Kotkin, "Will Europe Blow It?" *Inc.*, (December 1989), pp. 41-42.

Community to similar goals is vital. Labor organizations, historically progressive in regard to labor policies in Germany, are threatened with EC regulation concerning unified labor policies. EC attempts at lifting barriers to employment throughout Europe have met with animosity, surpassed only by that caused by regulation of social policies. With high rates of unemployment in Eastern Germany, particularly among women, the mobility of labor across borders carries concern in both directions. Although women could find employment in other European countries, they have typically been one of the least mobile minorities, tying themselves to home and family. The threat of Europeans competing for local jobs is more pressing for Eastern women. EC rulings on working hours, flexible time, and overtime indicate gross ignorance of the needs of women workers. In trying to regulate entrepreneurial activities at the bureaucratic level, the EC is perceived as failing, especially compared to the attention to detail given by the German Länder at the state level.

Although EC domination scares many entrepreneurs, most experts agree it will benefit women in general. With other progressive European countries, such as Norway and Denmark, serving as role models, women in the workforce and social policies benefiting women may become contagious. European Community statutes concerning equal pay, comparable worth, and marital rape extend well beyond those of current German law. The application of EC gender equality standards will make united Germany more progressive than either East or West to date.²⁴

²⁴Mushaben, p. 8.

Studies from OECD countries of how they have designed and implemented policies promoting entrepreneurship by women serve as an example for the future. The Nordic countries have enacted policies favorable to women who own businesses. In Sweden, policies benefit entrepreneurs in general, and include special arrangements and support that encourage women entrepreneurs. National trade fairs and seminar series provide training and information exchange, while Regional Development Funds cover women-only courses and offer start-up grants to women entrepreneurs. Norway provides loans and training for women through its Small Business Development Project. Finland provides special start-up allowances, enabling women to become entrepreneurs. In Spain, ten regional offices of the National Institute of Women organize training courses and encourage women to become entrepreneurs. Australia targets unemployed workers, and specifically women, through the New Enterprise Incentive Scheme. A National Advisory Group on Local Employment Initiatives collects information on women business owners to help design future public policies. The Netherlands promotes entrepreneurship through general economic guidelines, but is offering an experimental scheme of financial assistance to women, in recognition of their particular barriers in obtaining financing. Canada promotes a positive approach to women entrepreneurs through its Department of Female Entrepreneurship, whose task is to increase the visibility of women-owned businesses, and encourage women to enter business life.

The routes of development for Germany and for women are being chosen now, either deliberately or inadvertently. The governments of Germany and Europe

are moving along paths which will later be difficult to change. Extreme care must be taken in meshing the East and the West, but also in meshing the economic and political systems. In attempting to encourage a growing, vital economy, policy makers should remember the entrepreneur, and the woman, and allow her the choice to participate in the future of Germany's economy.

CHAPTER 5: CONCLUSION

A new Germany has been created, and a new woman will eventually evolve. The political border between East and West Germany has been replaced with a border created by very different living conditions. The current crisis in employment for women has dramatically undermined their role in the German economy. The impact doubles when looking back at the high rate of employment for Eastern women and social benefits that supported Eastern working women. Destruction of the communist political system also destroyed the social and economic advantages for Eastern women. Women have demonstrated their ability to adapt to economic conditions in other countries. One method of adaptation is entrepreneurship. Given the right support by government and society, women can provide a valid economic structure for both the regular workforce and the developing privately-owned industry in the five new Länder, but it will require careful nurturing. The future is still too uncertain to evaluate at what level women will succeed in their efforts to again become economically independent.

The German Women's Council (*Deutscher Frauenrat*) announced that its objective for the nineties was greater representation of women at all levels of political, cultural, and economic power.¹ When discussing the present situation and economic power, the labor market must be the focus. Unquestionably, the unemployed need training. This is reportedly happening, but efforts need to be increased. It is too early to tell whether the retraining is going in a direction which

¹"Germany," *Women of Europe*, (January/February 1990), p. 18.

will offer good, long lasting employment prospects to participants. According to the Cologne-based Institute of the German Economy, the labor force of the East is still below industry requirements for a rapid transformation of the economy into a free market. It reports considerable deficits in fields of economic, fiscal, private and public law, along with a lack of knowledge of EC commercial and contract law, West European languages, marketing, distribution, publicity, public relations and sales techniques. Such deficits are not surprising and must become the focus of training. Because the regional economic structures have not emerged, the bottom-up training efforts lack focus, and top-down efforts are crucially short-sighted.

Right now, finance and insurance are regarded as areas which offer good employment and training opportunities for women. But when women apply for training and employment, they meet male competitors. Personnel planning has already adjusted to patterns developed under market conditions and does not pay regard to the propensity and necessity of East German women to work....Moreover, men are now also looking for employment in female occupations which they formerly used to avoid, for example, child-rearing and education.²

The historical parallel to the times of currency reform in 1948 in the former FRG provides a bleak prediction for the future. During and following World War II, women were accepted in all sectors of the economy, as was the case in the GDR. After the currency reform and work was paid in hard currency, men overwhelmingly took back their traditional fields of work and women withdrew from the labor market in the former FRG.

²Sabine Hübner, "Women at the Turning Point: The Socio-Economic Situation and Prospects of Women in the Former German Democratic Republic," *Politics and Society in Germany, Austria and Switzerland*, (Nottingham: Institute of German, Austrian, & Swiss Affairs, Spring 1990), pp. 31-32.

In the economic and population predictions for Germany from 1990 to 2010, a further decline in the labor-force participation rate of Eastern women is forecasted. Federal Labor Agency President, Heinrich Franke, reported in July 1992 that although there was a slight decrease in the Eastern unemployment rate for June, another 200,000 jobs would be lost in Eastern Germany as a result of future industrial restructuring. He regrets that the federal government plans to reduce the number of *Arbeitsbeschaffungs-massnahmen* (ABM) positions in employment creation programs from 400,000 to 300,000 next year. He states that the low point in unemployment will now be reached in late 1992 or 1993, pushed back from previous estimates for economic recovery. He estimates that the establishment of "near-equal conditions" between Eastern and Western Germany could take twelve to fifteen years. He underscored that the pre-unification Eastern German labor force of 9.8 million people will never again be attained because of major changes in the industrial structure of the region, and that "the pre-unification employment rate of ninety percent for women will not be reached again."³

The final impact of such a decline falls into three broad categories of analysis. Eastern women may regress backward in time and society to a new low point. They would rank well below their Western European sisters in economic, political, and social strength. Another alternative is a meshing of the two systems, allowing for some permanent decline in Eastern employment rates and social benefits. The

³"June Unemployment Up in West, Down in East," *The Week in Germany*, (10 July 1992).

decline would be met by a rise in employment rates and economic strength for Western women, and eventually the new system would produce benefits for all women, such as better and more equally divided family care, better working conditions and wages, and increased political awareness and responsibility.

The most optimistic alternative proclaims that Eastern German women will "not lose much when they give up their dubious privileges." The impact of change caused by different social policies has been overestimated. The shorter working times and protective laws in the former FRG will compensate for women's losses. Included in the packet are advantages in running a household from a better supply of goods and services, maintenance of basic child care facilities, as promised by politicians, and stability in public regional funds, which will assist with individual economic loss.⁴

The distribution of resources and power among the sexes will have to be renegotiated. From my point of view, this does not only imply risks as regards women's prospects of equal opportunities; it might eventually bring them more progress in terms of their societal position than the so-called women's policy of the former GDR government could ever have made possible.⁵

All German women are facing decisions about their right to work outside the home, and the private division of labor within the home. The question of housework and child-rearing cannot be separated from labor outside the home for women. Single

⁴Hübner, p. 32

⁵Hübner, p. 33.

mothers may eventually be the big losers in unification, as they find themselves dependent on social welfare with no other options.

Regardless of pessimistic or optimistic hopes, the emerging pattern of development seems to be legislation and policies falling somewhere between the two systems. A good predictor for the future is perhaps the issue of abortion. Reform of the law on abortion proved to be among the trickiest issues faced, both prior to and following unification. Two interesting results occurred concerning the abortion issue. First, following an emotional battle, a compromise law was passed in July 1992. Ministers chose from among five possible solutions ranging from an intensified version of former FRG policy, where abortion is considered criminal unless a woman is in a narrowly defined emergency situation, to allowing complete freedom of choice for women. The new law decriminalizes abortion, allowing women to decide freely within the first three months, as was the policy in the GDR. The added limitation is a requirement to attend a counseling session. All abortions must be performed by a certified doctor. The new legislation has again been appealed to the Federal Constitutional Court at Karlsruhe. Still, in moving to uphold the more liberal GDR policies and attempting to find a compromise, it would appear that Eastern policy on women's issues is not to be totally ignored in the future.

The second interesting result is in the political arena. Bundestag deputies were freed from party discipline and allowed to vote their conscience on the abortion question. The adopted proposal was called the "group proposal" because, although initially supported by SPD and FDP members, it crossed parliamentary group lines.

The possibilities of more votes of this type on issues opens the door to interesting change in the political structure. It also might predict more compromise legislation, rather than partisan platform policies on issues.

Another example of compromise is in the introduction of quotas by unions in Germany. In following the examples of other Western nations, two large unions established quotas for women to be represented on committees and boards. The Public Employees Union established policies in June of '92, and the German Postal Union in September. The quota system ensures that women will be represented proportional to their general membership. In the Postal Union, the largest individual union in Germany, women represent forty-three percent of the total membership. Such policies indicate a more aggressive approach to solving some of women's problems in the labor force.

The new system must create real equality of job opportunities and show net improvement of social services. Eastern women may lose some of their social privileges, and must be prepared to fight keep what they consider are the most critical ones. This requires a conscious decision about their futures in the work place and at home. They are defending their rights to a job, to cheap, available child care facilities, and to equal education and training.⁶ GDR feminists are shocked by the political apathy shown by Eastern women in the face of enormous threats to their well-being. In trying to find a rational explanation, they blame both ignorance of

⁶ Hanna Behrend, "East German Women: Under the Federal German Eagle," *New Politics* (Brooklyn, NY: Winter 1992), p. 127.

Western policies, and nonchalance regarding their old system. The centralization of authority forbade criticism, rewarded passivity, and fostered a false sense of security. Ignorance of the real contradictions between Eastern and Western labor conditions combined with ignorance of how to affect changes within the system are a dangerous combination which must be overcome for women to effectively analyze their social needs and work for their economic future.

Women in the new Germany are facing a new life on both sides of the old wall. The wall that still exists in the minds of Germans is one of social, political, and economic differences. If not torn down, the societies may never successfully and peacefully merge. Policies which promote equality at home and in the workplace will go far in breaking down the social wall and reducing the economic gap between genders.

A policy which attempts to give women an equal place with men in economic life while at the same time confirming woman's traditional responsibility for care of the home and children has no prospect of filling the first of these aims....The subdivision of functions between the sexes must be changed in such a way that both the man and the woman in a family are afforded the same practical opportunities of participating in both active parenthood and gainful employment.⁷

The most dynamic issue is whether Eastern women will remain passive in the face of mass unemployment and a forced return to the domestic sphere or whether

⁷Adler and Izrael, p. 14.

the experience of disentanglement will invigorate them towards change.⁸ Individual examples of entrepreneurship indicate that on a large scale, women as yet remain stunned, but on a small scale they are finding individual solutions to their economic dilemma. In the old socialist system, change could only come from above, although there were examples of change based on pressure from below. Women must learn how to work tactically within a complex political structure. The procedure is more complex with the political evolution still in progress. Optimistically, the current evolution provides a door for women to make far-reaching changes.

Privatization must make room for entrepreneurs and for women. To change the current scene of unemployment, the focus must be placed on identifying and promoting potential growth industries, training labor in those fields, increasing the competitiveness of traditional industries, supporting existing small businesses, and encouraging entrepreneurs. This framework must address the special needs of women and be implemented through the education system, through community and federal legislation, and through social systems. German men and women desire to build a democratic society preserving and improving what was valuable, eliminating repression. Women in the Eastern and Western parts of Germany share many interests but have different problems and priorities, from which a compromise seems possible.

⁸Dorothy J. Rosenberg, "Shock Therapy: GDR Women in Transition From a Socialist Welfare State to a Social Market Economy," *Signs* (University of Chicago: Autumn 1991), p. 150.

In supporting women in the labor force the OECD recommends the following actions:

- 1) Promote women to top management levels.
- 2) Fund training programs for women.
- 3) Develop mentors, advisors, and contacts for women starting or expanding small businesses.
- 4) Provide training, technical assistance and financing programs specifically designed to meet the needs of women.
- 5) Make lending requirements simple and clear, and treat loan applicants equally.
- 6) Offer training and apprenticeships to women in non-traditional fields.⁹

Women have the potential to make important contributions to the economy of Germany through labor and entrepreneurship, but it requires concerted efforts to incorporate the needs and concerns of women into economic development policies and strategies. Entrepreneurship is as varied as human ingenuity, and so are the impulses which drive it. Its prevalence among those uprooted by political upheaval, victimized by discrimination, or oppressed by the daily grind may indicate freedom is the true stimulus.¹⁰ The entrepreneur, like the artist or the intellectual, may simply hope to create something, perhaps a better tomorrow.

⁹*Enterprising Women*, p. 96.

¹⁰Diane Cole, "The Entrepreneurial Self," *Psychology Today*, (June 1989), p. 63.

Germany is bigger, but not necessarily better. Although the future for women in the labor market is very uncertain, there is hope.

The position of women in society and perhaps in relation to males, is hopeless, but this hopelessness gives a certain amount of liberty because it absolves one from convention and certain responsibilities. It also sharpens the senses for extant possibilities. The image almost approaches Peter Gosse's Daedalus metaphor. In a poem he praises not Icarus's headless soaring, but rather Daedalus's careful course right in the middle of both extremes--a truly dialectical approach to the political lay of the land.¹¹

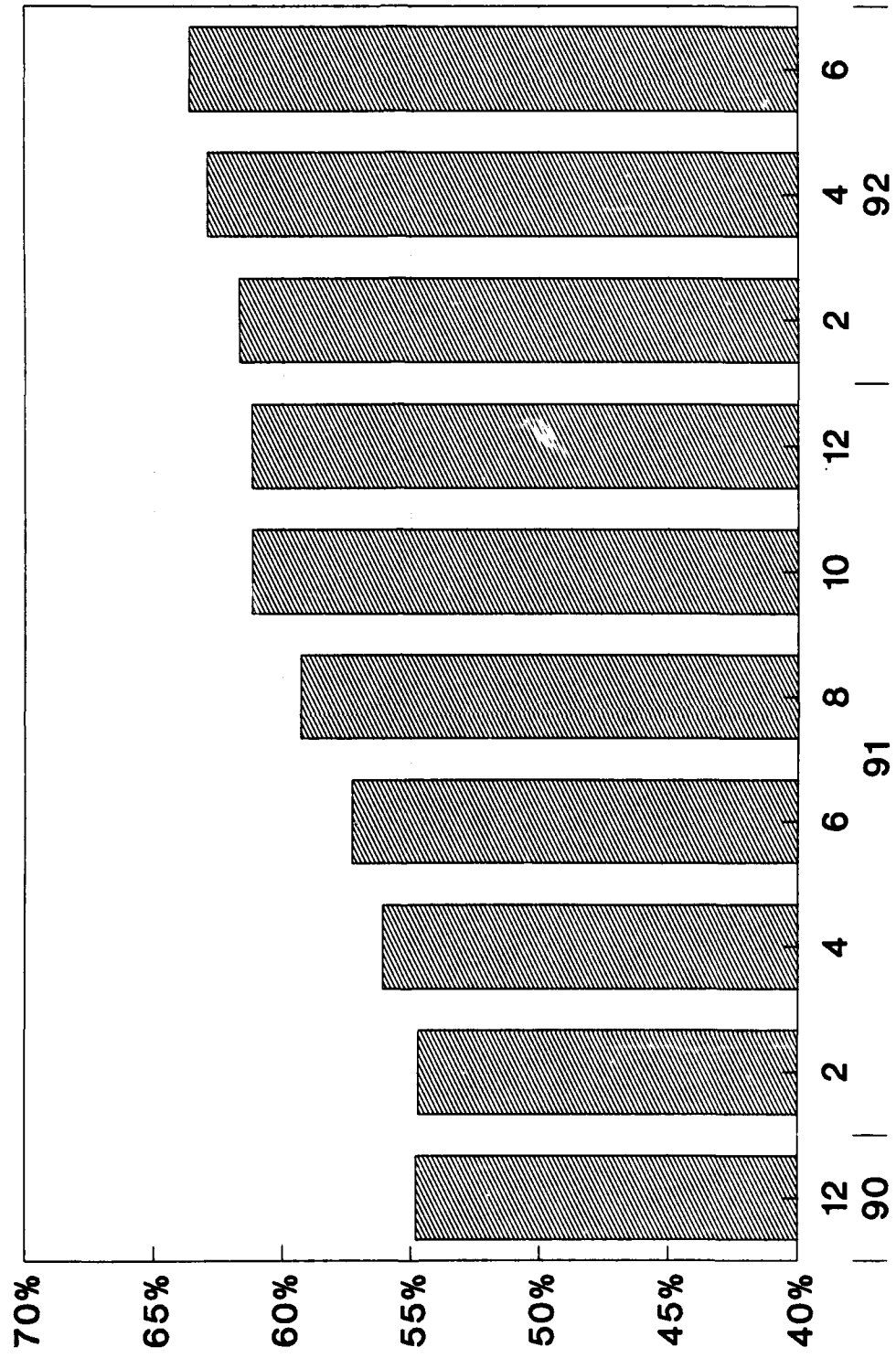
¹¹Fritz H. König, "Short Prose by Female GDR Writers," *GDR Bulletin* (Washington University, St. Louis, MO, (Fall 1991), p. 15.

Table 1. Women's labour force participation rates

	1968	1989	% Point Change
Canada	39.9	68.2	28.3
United States	48.4	69.4	21.0
Finland	60.0	73.5	13.5
France	49.3	57.6	8.3
Germany (FRG)	47.4	54.5	6.8
Ireland	64.1	37.5	3.4
Italy	29.4	44.0	14.6
Netherlands	30.4	51.1	20.7
Norway	51.6	72.9	21.3
Spain	31.6	41.3	9.7
Sweden	57.8	83.2	25.4
United Kingdom	53.5	66.0	12.5

Sources: OECD, Labour Force Statistics, 1988 and 1990, From Table 2.2 of *Enterprising Women*, OECD, Paris, 1990, p. 24.

**Table 2. Percentage of Women Among
the Jobless in Eastern Germany**



**Table 3. Total Employed Workers
(excluding Apprentices) (in 1000s)**

Year	Employed				
	Total	White & Blue Collar Workers	Members of PGH*	Self- Employed**	Men Women
1949	7313.0	4900.0	-	2413.0	4324.0 2989.0
1955	7722.5	5950.5	192.8	1579.2	4326.9 3395.6
1960	7685.6	6196.3	1065.5	423.7	4229.2 3456.4
1970	7769.3	6490.6	1010.5	268.2	4019.9 3749.7
1980	8225.2	7299.7	745.6	180.0	4119.3 4105.9
1988	8594.4	7588.7	824.0	181.6	4390.5 4203.9

* PGH=Produktionsgenossenschaft des Handwerks

** Selfemployed and family businesses (Selbstaendige und mithelfende Familienangehoerige)

**Table 4. Growth of Labor (including Apprentices)
as a percent of the Population**

	1970	1980	1988
Total	80.3	81.3	82.8
Men	83.7	82.0	82.4
Women	77.0	80.5	83.2

Source: German Politics and Society, Winter 1991-1992, p. 78.

Table 5. Annual Wages and Household Income in the GDR

Net Wages	1980	1985	1989
Men, full-time	819.00	927.00	1009.00
Women, full-time	585.00	694.00	762.00
Household Income for 1988			
Couples:			
Average		2067.00	
Two children		2185.00	
Three children		2293.00	
Single parents:			
One child		1029.00	
Two children		1245.00	

Source: Statistische Kennziffernsammlung, Central State Statistics Office, 1989.

Table 6. Wage differentials for manual workers in manufacturing industries in selected OECD countries

Ration of women's average wage to men's average wage (%)		
Country	1975	1986
Sweden	85.2	90.4
Norway	78.0	85.0
Denmark	84.3	84.9
Netherlands	79.2	78.6
France	76.4	78.1
Finland	72.6	77.4
Germany	72.1	72.9
Ireland	60.9	68.7
United Kingdom	66.5	67.9
Switzerland	68.0	67.4
Japan	51.6	48.5

Source: OECD, Employment Outlook, September 1988, Chapter 5.

Table 7.

Trend in University Study

Year	Women as Percentage of Students in Higher Education
1949-1950	28.4%
1952-1953	20.4%
1960-1961	25.0%
1970-1971	34.0%
1975	48.2%
1985	50.1%
1989	48.6%

Percentage of Women by Subject

Year	Med	Math/Nat	Tech	Econ	Phil	Educ
1962	51.0	25.5	5.0	30.3	o.A.	52.8
1966	52.0	27.0	8.0	45.0	56.0	61.0
1969	75.0	42.0	14.0	63.0	59.0	67.0
1989	55.0	46.0	25.3	66.7	39.8	73.0

1987 Majority and Minority Subjects for Women

Economics	80.4%
Education	72.7%
Language/Literature	63.8%
Math/Natural Science	50.2%
Medicine	54.2%

Technical Sciences (Note 1)	29.5%
Cultural Policy/Art/Sport	41.7%
Physics/Constitution/Law	33.0%

Note 1: In disciplines concerning electrical and electronic technology or mechanical engineering, the proportion of women was far lower.

Table 8. Division of Skilled Labor

Profession (Facharbeiterberuf)		Total	Number of female	Percent female
1	Fachverkaeuer	8,363	8,069	96.5
2	Wirtschaftskaufmann	7,143	6,817	95.4
3	FA fuer Schreibtechnik	6,783	6,702	99.7
4	FA fuer Textiltechnik	3,099	2,921	94.3
5	Koch	5,598	3,225	57.6
6	Kellner	3,274	2,674	81.7
7	FA fuer Tierproduktion	3,687	2,673	72.5
8	Kleidungsfacharbeiter	2,565	2,558	99.7
9	Gaertner	2,338	1,950	79.1
10	Friseur	1,911	1,819	95.2
11	FA fuer Datenverarbeitung	1,950	1,429	73.3
12	Maschinenbauzeichner	1,473	1,409	95.7
13	FA fuer Eisenbahnbetrieb	2,057	1,357	66.0
14	Finanzkaufmann	1,399	1,289	92.1
15	Backwarenfacharbeiter	2,130	1,234	57.9
16	FA fuer Postverkehr	1,309	1,201	91.7

Source: Zentralinstitut fuer Berufsbildung der DDR,
Berlin 1989

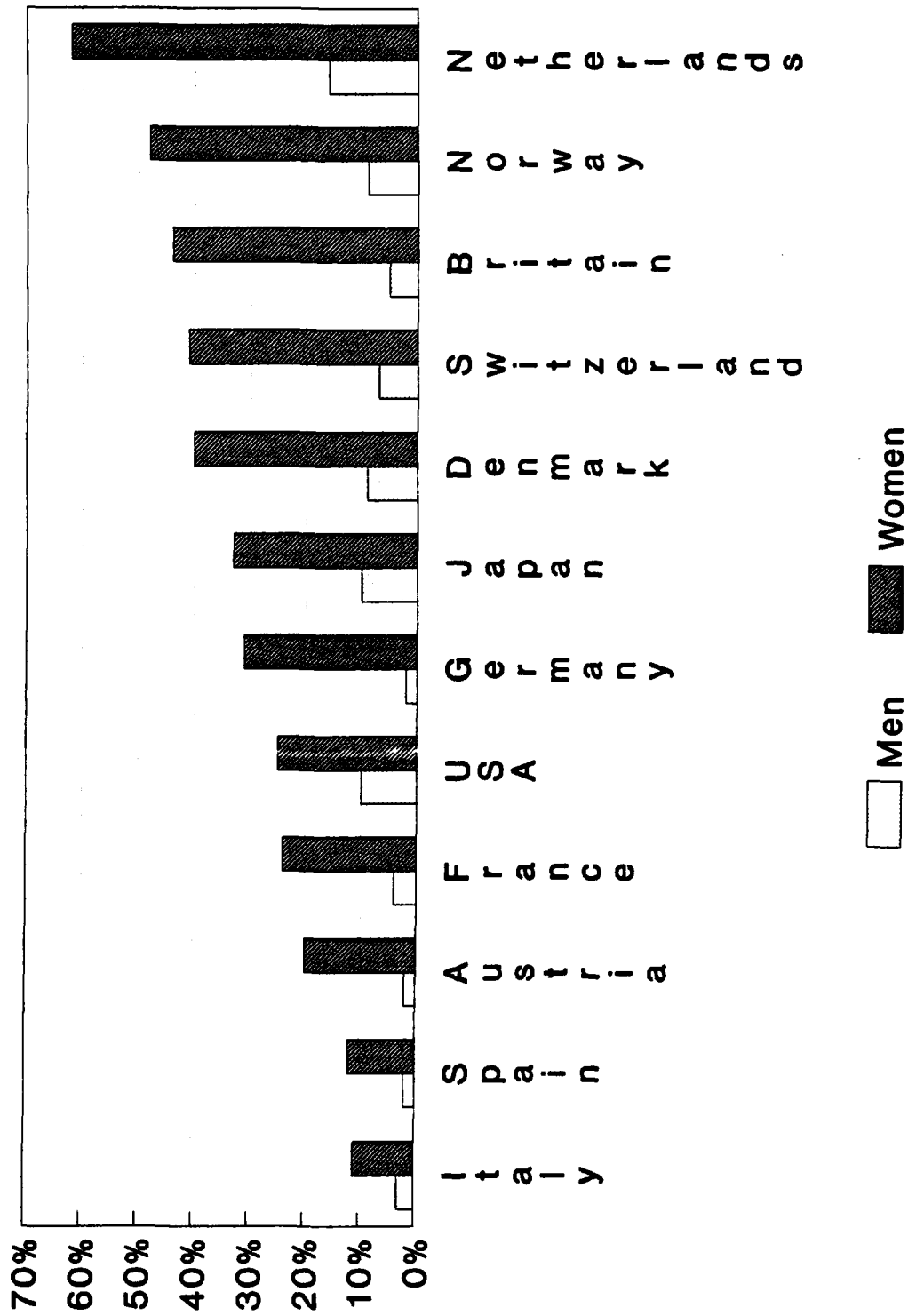
- 1 salesperson
- 2 tradesman, hotel or restaurant management
- 3 secretary, administration
- 4 textile worker
- 5 cook
- 6 waitress
- 7 animal husbandry, farming
- 8 clothing manufacturing
- 9 gardner
- 10 hair dresser, beautician
- 11 data processor
- 12 machinist, mechanical engineer
- 13 railroad engineer
- 14 finance, insurance
- 15 baker
- 16 postal employee

Table 9. Percentage of Women in the Labor Force by Sector

	1949	1969	1970	1980	1989
Industry	25.5	42.0	42.5	43.3	41.0
Manual trades	34.9	39.9	40.1	38.0	36.7
Building	9.3	13.0	13.6	16.2	17.2
Agriculture & Forestry	56.8	46.0	45.8	41.5	37.4
Telecommunications & Post	15.2	35.9	36.0	70.4	69.0
Commerce	54.0	69.0	69.2	72.8	71.9
Nonproductive Sectors	55.4	69.9	70.1	72.9	72.6
which includes:					
Education				76.3	77.0
Health				83.6	83.1
Social Services				93.8	91.8

Source: Statistische Kennziffernsammlung der DDR

Table 10. Part-time Employment



Source: Die Zeit, 28 August 1992, (OECD)

**Table 11. Marital status
of Single Mothers with Young Children**

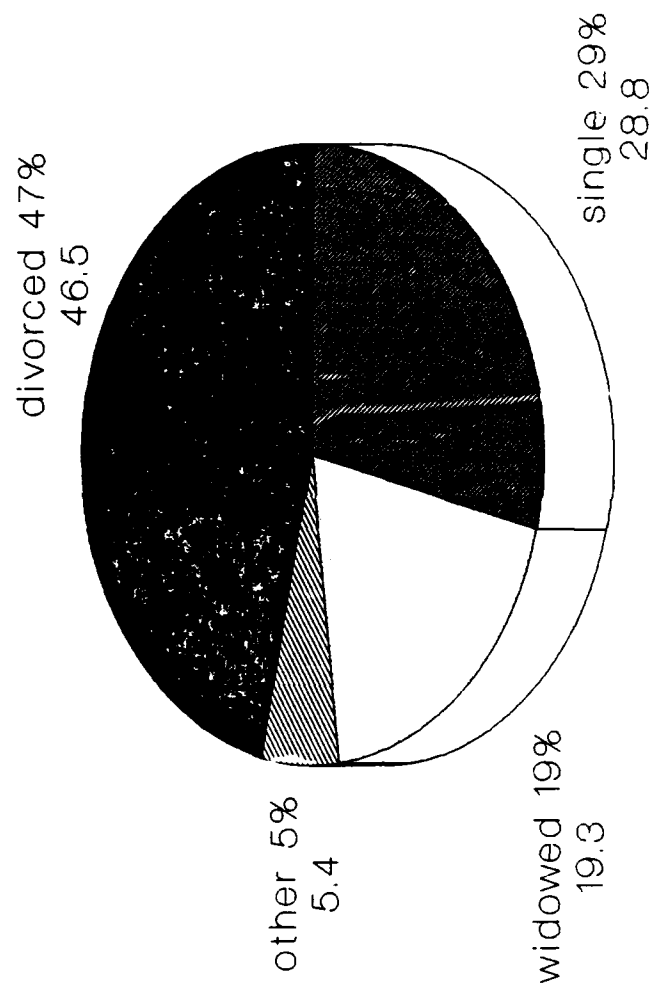


Table 12. Places in publicly funded childcare services as % of all children in the age group

	Date	Children under 3*	Children from 3 to compulsory school age	Age when compulsory schooling begins	Length of school day (hrs)	Outside school hours care for primary school children
Germany	1987	3%	65-70%	6-7 yrs	4-5 (a)	4%
France	1988	20%	95%+	6 yrs	8	?
Italy	1986	5%	85%+	6 yrs	4	?
Netherlands	1989	2%	50-55%	5 yrs	6-7	1%
Belgium	1988	20%	95%+	6 yrs	7	?
Luxembourg	1989	2%	50-60%	5 yrs	4-8 (a)	1%
U.K.	1988	2%	35-40%	5 yrs	6.5	(-)
Ireland	1988	2%	55%	6 yrs	4.5-6.5 (b)	(-)
Denmark	1989	48%	85%**	7 yrs	3-5.5 (a,b)	29%
Greece	1988	4%	65-70%	5.5 yrs	4-5 (b)	(-)
Portugal	1988	6%	35%	6 yrs	6.5	6%
Spain	1988	?	65-70%	6 yrs	8	(-)

Key: ?=no information; (-)=less than 0.5%; (a)=school hours vary from day to day; (b)=school hours increase as children get older.

* This percentage should be expressed as a percentage of the children whose ages exceed the end of the maternity leave rather than percentage of 0- to 3-year-olds, in which case it would be 55% for Denmark instead of 48%.

** Does not include preschool classes.

Source: Women of Europe Supplement, No. 31, August 1990.

Table 13. Use of Time by white- and blue-collar workers in hours/minutes per day as weekly average

	1974		1980		1985	
	Men	Women	Men	Women	Men	Women
At Work	6.19	5.04	6.05	5.02	6.07	5.00
Not working	17.41	18.56	17.55	18.58	17.53	19.00
Work-related	1.08	0.49	1.06	0.53	1.07	0.54
Housework	1.31	4.02	1.42	3.51	1.37	3.45
Leisure	4.52	3.26	4.54	3.36	5.01	3.36

Source: German Politics and Society, Winter 1991-1992, p. 49.

Table 14. Free Time in Evenings and on Weekends in white- and blue-collar worker households in hours/minutes per week

	Total			Men			Women		
	Week/Workday/Weekend	Wk/Wkdy/Wkend	Wk/Wkdy/Wkend	Wk/Wkdy/Wkend	Wk/Wkdy/Wkend	Wk/Wkdy/Wkend	Wk/Wkdy/Wkend	Wk/Wkdy/Wkend	Wk/Wkdy/Wkend
1974	3.58	2.55	6.37	4.52	3.39	7.52	3.26	2.31	5.41
1980	4.17	3.16	6.48	4.54	3.45	7.48	3.26	2.44	5.49
1985	4.21	3.17	6.59	5.01	3.51	7.57	3.36	2.40	5.43

Source: Sozialreport '90, Verlag Die Wirtschaft Berlin

Table 15. Time Spent on Household Chores in 1985 in hours

Household with:	1 child	2 children	3 or more children
Husband	2.40	2.48	2.33
Wife	4.22	4.31	5.27

Source: Sozialreport '90, Verlag Die Wirtschaft Berlin

Table 16. Time Spent on Household Chores in Families with full-time employed Mother in hours/minutes per day

	Total:	Husband	of which Wife	Children
Household Chores Total	6.30	1.42	3.49	0.59
Cleaning after meals	1.48	0.18	1.17	0.13
Cleaning and care of clothes	1.02	0.04	0.51	0.06
Cleaning house	1.07	0.10	0.45	0.12
Household repairs	0.53	0.42	0.04	0.06
Shopping and obtaining services	0.55	0.15	0.28	0.12
Making new articles	0.20	0.02	0.16	0.02
Others	0.24	0.09	0.07	0.08
Working in garden	1.40	1.00	0.27	0.13

Source: Sozialreport '90, Verlag Die Wirtschaft Berlin

Table 17. Tax Contributions of the Private and Semi-Private Economy of the GDR, 1962-1970

	1962	1963	1964	1965	1966	1967	1968	1969	1970
in billion Marks:	3.1	3.4	3.6	4.1	4.7	4.7	8.1	9.0	9.9
share of total revenue in %	5.9	6.4	6.3	6.5	7.0	8.0	13.4	13.7	14.0

Source: A. Pickel, Radical Transitions, p. 59.

Table 18. Change in Structure of East German Industry from 1971 to 1987

# of Employees	1-25	26-100	101-500	501-1000
# of firms 1971	3800	4800	2000	450
# of firms 1987	200	550	1500	650

Source: The Economist, June 30, 1990, p. 14.

Table 19.

Composition of non-agricultural
self-employment by sex, 1988

	Total Thousands	Men (%)	Women (%)
Australia	862	68.6	31.4
Austria	193	n.a.	n.a.
Belgium	450	71.6	28.7
Canada	851	60.9	39.1
Denmark	158	n.a.	n.a.
France (b)	2097	n.a.	n.a.
Germany (c)	1929	76.8	23.2
Greece	737	82.8	17.2
Ireland	119	n.a.	n.a.
Italy	4136	77.1	22.8
Japan	6890	64.3	35.7
Netherlands	439	n.a.	n.a.
Norway	126	73.0	27.8
Spain	1830	74.1	25.9
Sweden	285	74.4	26.3
United Kingdom	2718	74.3	25.7
United States	8474	65.2	34.8

(a) Data refers to civilian employment, n.a. not available

(b) Figures include unpaid family workers

(c) Figures refer to 1986.

Source: OECD, Labour Force Statistics, 1990.

Table 20. Percentage of women in self-employment
according to activity - 1984

	BE	DE	GE	GR	IR	IT	NE	PO	SP
Agriculture	7.8	-6.2	12.3	36.3	37.1	25.6	9.0	59.9	32.1
Mines	2.7	--	--	--	--	--	--	--	--
Industry	0.1	10.5	10.2	13.7	2.9	12.0	4.0	9.7	8.1
Gas-Electric	0.6	0.8	--	0.1	--	0.1	--	0.1	0.2
Building	--	--	--	0.1	2.4	0.2	0.5	--	--
Trades, Restaurants, Hotels	63.0	35.7	46.3	24.2	43.9	47.8	42.5	25.6	46.9
Transport	0.5	0.7	1.8	0.6	0.8	0.4	0.7	0.1	0.1
Communications	--	--	--	--	--	--	--	--	--
Finance	5.9	7.1	6.8	5.6	2.5	3.1	8.6	0.4	1.1
Services	19.5	39.0	21.5	16.0	12.8	10.5	33.6	3.9	11.5
Services to people	--	--	--	--	--	--	--	--	--
Other activities	--	--	--	0.1	0.1	--	1.5	0.1	--
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

BE=Belgium, DE=Denmark, GE=Germany, GR=Greece, IR=Ireland,
IT=Italy, NE=Netherlands, PO=Portugal, SP=Spain.

Source: EUROSTAT.

Table 21. Problems experienced by women setting up in business

Not being taken seriously by colleagues/ business contacts	45%
The additional burden of family responsibilities	40%
Sex discrimination by suppliers/ customers	26%
Pressure to stay at home and support their partner	16%
Sex discrimination by institutions/ government	14%
High cost of creche/nannies/nursery	9%

Source: Barclays, Starting Up - A Barclays Report on Britain's Small Business Men and Women. Market Research Enterprises.

**Table 22. Female Managers' Interview Sample:
The Training We Need**

Type of Training	Percent of Total Sample
Confidence building	50
Assertion	42
Interpersonal skills	12
General management skills including delegation, disciplining, negotiating	10
Learning to cope with men at work including sex stereotyping imposition	8
Political awareness	7
Training for men to cope with women	5
Desocialising re: sex stereotyping	5
Leadership	5
Retraining for women entering workforce	3
Personal presentation	3
Power of speech and public speaking	3
Resilience	2
How to do well at interviews	2

Source: Marilyn Davidson and Cary Cooper, She Needs A Wife, Dissertation Abstract, 1984.

BIBLIOGRAPHY

- Adams, Walter and Brock, James W. "Economic Organization and Entrepreneurship." Entrepreneurship and Economic Development. New York: United Nations, 1988.
- Adler, Nancy and Izraeli, Dafna. Women in Management Worldwide. London: M.E. Sharpe, Inc., 1988.
- Aronson, Robert L. Self-employment: A Labor Market Perspective. Ithaca, New York: Cornell University, 1991.
- Commission of the European Communities. Evaluation of Policy Measures for the Creation and Development of Small and Medium-sized Enterprises. Brussels, 1989.
- Commission of the European Communities. Guide to the Establishment of Enterprises and Craft Businesses in the European Community. Brussels, 1987.
- Commission of the European Communities. Labour Law and Industrial Relations in Small and Medium-sized Enterprises in the EEC Countries. Brussels, 1988.
- Economic Commission for Europe. Economic Survey of Europe, 1990-1991. Brussels, 1992.
- Enterprising Women. Organization for Economic Cooperation and Development. Paris, France: 1990.
- European Economic and Social Committee. Action Programme for a Community policy on Small and Medium-sized Enterprises in the industrial, commercial, service and craft sectors. Brussels, 1982.
- Federal Office of Foreign Trade Information. Doing Business in the five new German Länder. Cologne, Germany: 1991.
- Hisrich, Robert D. and Brush, Candida G. The Woman Entrepreneur. Lexington, Massachusetts: D.C. Heath and Company, 1986.
- Hofmann, Peter and Stigl, Kurt. Marktwirtschaft in der DDR. Berlin: Rudolf Haufe Verlag, 1990.
- Koehne, Rainer. Das Selbstbild deutscher Unternehmer. Berlin: Duncker & Humblot, 1976.

- Mitter, Swasti. "A Comparative Analysis of Women's Industrial Participation During the Transition from Centrally-Planned to Market Economies in East Central Europe." Regional Seminar on the Impact of Economic and Political Reform on the Status of Women in Eastern Europe and the USSR: The Role of National Machinery. Vienna: United Nations, 5 April 1991.
- Organization for Economic Co-operation and Development. Implementing Change: Entrepreneurship and Local Initiatives. Paris: OECD, 1990.
- Peterson, Rein, and Weiermair, Klaus. "Women Entrepreneurs, Economic Development and Change." Entrepreneurship and Economic Development. New York: United Nations, 1988.
- Pfaff, Lucie. The American and German Entrepreneur. New York: Peter Lang Publishing, Inc., 1989.
- Pickel, Andreas. Radical Transitions: The Survival and Revival of Entrepreneurship in the GDR. Boulder, Colorado: Westview Press, Inc., 1992.
- Schumpeter, Joseph. Can Capitalism Survive? New York: Harper and Row, 1952.
- Scollard, Jeannette R. The Self-Employed Woman. New York: Simon and Schuster, 1985.
- Staar, Richard F., editor. "Germany: German Democratic Republic". 1991 Yearbook on International Communist Affairs. 1991.
- Stevenson, Lois. "Women and Economic Development: A Focus on Entrepreneurship." Entrepreneurship and Economic Development. New York: United Nations, 1988.
- Sweeney, G.P. Innovation, Entrepreneurs and Regional Development. New York: St. Martins Press, 1987.
- Tropman, John E., and Morningstar, Gersh. Entrepreneurial Systems for the 1990s. New York: Quorum Books, 1989.

- Vesper, Karl. New Venture Strategies. Englewood Cliffs, NJ: Prentice-Hall, Inc., 1980.
- Winkler, Gunnar. Frauenreport '90. Berlin, Germany: Verlag Die Wirtschaft, 1990.
- Winkler, Gunnar. Sozialreport '90. Berlin, Germany: Verlag Die Wirtschaft, 1990.

NEWSPAPER ARTICLES

- Dietrich, Dieter. "Women, Work, and Aspirations: Changing Attitudes and Expectations in Both East and West." The German Tribune. 24 July 1992.
- Gärtner, Peter. "Women the First to be Sacked as Closures Boost Unemployment." The German Tribune. 18 September 1992.
- "June Unemployment Up in West, Down in East." The Week in Germany. 10 July 1992.
- Piepgras, Ilka. "Eastern Single Parents at Edge of the Social-Security Net." The German Tribune. 7 August 1992.
- Summers, Diane. "Bank Managers' Eyes Glaze Over." Financial Times. 28 July 1992.
- von Dohnanyi, Klaus. "Der Notplan Ost." Die Zeit. 10 July 1992.
- "Women's Unemployment Rises in Ex-GDR." The Week in Germany. 31 July 1992.
- Zimmer, Dieter E. "Die Verbitterung." Die Zeit. 10 July 1992.

JOURNAL ARTICLES

- "A survey of the New Germany: The Spontaneous Union." The Economist. June 30, 1990.
- "Backing for Break-outs." International Management. May 1991.
- Behrend, Hanna. "East German Women: Under the Federal German Eagle." New Politics. Brooklyn, NY: Winter, 1992.
- Carroll, Glenn R. and Mosakowski, Elaine. "The Career Dynamics of Self-Employment." The Administrative Science Quarterly. December 1987.
- Cole, Diane. "The Entrepreneurial Self." Psychology Today. June 1989.
- "Commission of the European Communities." Women of Europe. June/July 1991.
- Cromie, Stanley, and Hayes, John. "Towards a typology of female entrepreneurs." The Sociological Review. February 1988.
- "Die Ostdeutsche Frau Nach Der Wende: Ein Interview mit Daniela Dahn." GDR Bulletin. Washington University, St. Louis, MO: Fall 1991.
- "Expert Systems for Decision Support in Business Start-Up." Small Business News & Views. April 1991.
- Farrell, Christopher. "Blueprints for a Free Market in Eastern Europe." Business Week. February 5, 1990.
- Fuhrman, Peter. "Dresdner Bank: Advance Agents of Capitalism." Forbes. April 2, 1990.
- Gerhard, Ute. "German Women and the Social Costs of Unification." German Politics and Society. Harvard: Winter 1991-1992.
- "Germany." Women of Europe. January/February 1990.

- Goldman, Guido, editor. "Germany and Gender: The Effects of Unification on German Women in the East and West." German Politics & Society. Harvard: Winter 1991-1992.
- Helwig, Ursula. "Kommentare und Aktuelle Beiträge." Deutschland Archiv. April 1991.
- Homann, Fritz. "Treuhandanstalt: Zwischenbilanz, Perspektiven." Deutschland Archiv. Bonn, Germany: December 1991.
- Hübner, Sabine. "Women at the Turning-Point: The Socio-Economic Situation and Prospects of Women in the Former German Democratic Republic." Politics and Society in Germany, Austria and Switzerland. Nottingham England, Institute of German, Austrian, & Swiss Affairs: Spring 1990.
- "Interview With Erich Loest." GDR Bulletin. Washington University, St. Louis, MO: Fall 1991.
- Kotkin, Joel. "Will Europe Blow It?" INC. December, 1989.
- Koenig, Fritz H. "Short Prose by Female GDR Writers." GDR Bulletin. Washington University, St. Louis, MO: Fall 1991.
- Lloyd, Tom. "Backing for Break-outs." International Management. May 1991.
- Merkel, Ina. "Another Kind of Woman." German Politics & Society. Harvard: Winter 1991-1992.
- "Missing Entrepreneurs". The Economist. September 23, 1989.
- Mushaben, Joyce Marie. "Paying the Price of German Unification: Männer Planen, Frauen Baden Aus." GDR Bulletin. Washington University, St. Louis, MO.: Fall 1991.
- Nickel, Hildegard Marie. "Women in the German Democratic Republic and in the New Federal States: Looking Backwards and Forwards." German Politics & Society. Harvard: Winter 1991-1992.
- O'Hare, William and Larson, Jan. "Women In Business: Where, What, and Why". American Demographics. July 1991.

- Picot, Arnold; Laub, Ulf; and Schneider, Dietram. "Comparing successful and less successful new innovative businesses." European Journal of operational Research. July 25, 1990.
- Rosenberg, Dorothy J. "Shock Therapy: GDR Women in Transition from a Socialist Welfare State to a Social Market Economy." Signs. University of Chicago: Autumn, 1991.
- "Silizium Tal?" The Economist. April 27, 1985.
- "Social Report 4/5 - 1991, Youth Affairs." Inter Nationes Bonn. 1991.
- "Social Report 4/5 - 1991, Women." Inter Nationes Bonn. 1991.
- "Social Report 3 - 1992, Women." Inter Nationes Bonn. 1992.
- "The Long Wait for Rich Pickings." Euromoney. August 1990.
- "The New Europeans." The Economist. School Briefs: Europe-The Revolution of 1989-1992. November 1991-February 1992.
- "The New Germany." The Economist. 30 June 1990.

UNPUBLISHED SOURCES

- Davidson, Marilyn J. and Cooper, Cary L. She Needs a Wife: Problems of Women Managers. (Dissertation Abstract) Bradford, West Yorkshire, England: MCB University Press, Ltd., 1984.

VITA

Name: Maella Blalock Lohman

Date and Place of Birth: 1 July 1954; Springfield, Missouri

Academic Information:

B.M.Ed. in Music, Evangel College; Springfield, Missouri; December 1975

M.S. in Business Organizational Management, University of La Verne; La Verne, California; August 1989

M.A. in West European Studies, Indiana University; Bloomington, Indiana; December 1992 (proposed)

Profession:

Captain, United States Army, Finance Officer

Teacher, Elementary and Secondary School Music and German

Assignments:

1975-1982 Teacher, Elementary Music and German; Springfield, Missouri and Frankfurt American High School, Frankfurt, Germany

1977-1983 Finance Non-Commissioned Officer, 494th Military Police Detachment, Springfield, Missouri; 3747th United States Army Reserve School, Frankfurt, Germany; Headquarters, United States Army Reserve, Europe, Munich, Germany.

1983-1984 Finance Officer, Headquarters, United States Army Reserve, Europe, Munich, Germany

1984-1987 Disbursing Officer, Deputy Finance and Accounting Officer, Supreme Headquarters Allied Powers Europe (SHAPE), Mons, Belgium

1987-1991 Finance Officer, Fort Wainwright, Alaska